Austria ... Sch. 18	Indonesia .. Rp 2500	Portugal ... Esc 80
Bahrain .. Din.0.650	Italy ...... L 1300	S. Arabia .. Rls 6.00
Belgium ... BFr.42	Japan Y550	Singapore . S$ 4.10
Canada ... C$1.00	Jordan ... Fils 500	Spain .... Pts 110
Cyprus ... C£0.60	Kuwait ... Fils.500	Sri Lanka ... Rup 30
Denmark .. DKr.7.25	Lebanon .. £L 6.00	Sweden .. Skr 6.50
Egypt .... E£1.00	Luxembourg . LFr.42	Switzerland SFr 2.20
Finland .. Fmk 6.00	Malaysia .. Rm 4.25	Taiwan ... NT $25
France .. FFr. 6.00	Mexico .. Pes. 300	Tunisia .. Din 0.600
Germany . DM 2.20	Morocco .. Dh 6.00	Turkey .... L 210
Greece ..... Dr 70	Netherlands . Fl 2.50	U.A.E. ... Dh 6.50
Hong Kong . HK$ 12	Norway .. Nkr. 6.00	U.S.A. $1.00
India .... Rup. 15	Philippines . Pes. 20	

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,708 — Thursday August 22 1985 — D 8523 B

The case for full British role in the EMS, Page 5

World news | Business summary

US envoys in Moscow 'tracked by chemicals'

The U.S. accused Moscow of using chemicals that might cause cancer to track the movements of American diplomats in the Soviet capital.

State Department spokesman Charles E. Redman said the substance can be placed anywhere – from car seats to steering wheels – and is invisible if properly applied.

He said the chemical has been used for a number of years but did not specify when it was first discovered by the U.S.

Miners reject offer

South African miners rejected a fresh offer by the Chamber of Mines in talks to avert a threatened strike due to begin on Sunday. Page 2

Colombian reshuffle

Colombian President Belisario Betancur replaced three of his 18 Cabinet ministers in a reshuffle, giving a leading trade unionist the Labour portfolio.

Beirut shelled

Hundreds of shells fell on Beirut, killing at least 10 people and destroying an airliner on the ground at the airport. Page 2

Red Cross man freed

The Swiss head of the International Red Cross mission in the southern Lebanese city of Sidon was freed after being held by unidentified gunmen for about 36 hours.

'Third spy' hunt

West German investigators said they were hunting a third suspect – a messenger in an army administrative centre in Bonn – following the disappearance of two secretaries believed to have been East German agents. Page 3

Greek fires reward

The Greek Government is offering rewards of up to 30m drachmas ($230,000) for help in arresting arsonists who it believes caused an 11-day wave of forest fires.

Blast kills miners

Eight miners were killed and 30 injured in an underground explosion at South Africa's Vaal Reefs gold mine, the world's largest.

Manila alert

Thousands of Filipinos waving flags and banners marched through Manila as troops went on full alert for demonstrations marking the second anniversary of the murder of opposition leader Benigno Aquino. Page 2

Sri Lanka inquiry

Sri Lankan President Junius Jayewardene ordered an inquiry into charges, denied by the Government, that security forces killed more than 100 Tamils in Vavuniya district in the north. Four soldiers died when separatist Tamil rebels set off a landmine under their vehicle. Page 2

Anti-apartheid call

The World Conference of Mayors urged its 700 members in 26 countries to fight apartheid by prohibiting the investment of city funds in corporations doing business with South Africa.

Nobel record

The international Scout movement, President Ronald Reagan and New Zealand Prime Minister David Lange are among a record number of 99 nominations for the 1985 Nobel Peace Prize.

Wine sweetener fined

Werner Tyrell, former president of the West Germany Winegrowers' Association, was given a one-year suspended prison sentence and fined DM 160,000 ($53,000) for illegally sweetening his wine with sugar.

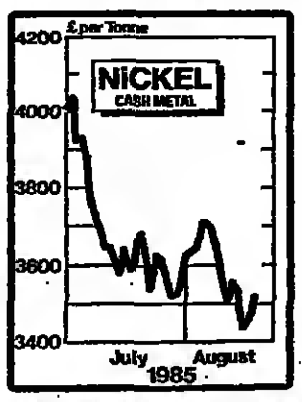
AT&T to cut 24,000 jobs

AT&T, the U.S. telecommunications group set up when the former nationwide telephone company was split up 18 months ago, announced it would cut 24,000 jobs at its information systems group, which makes communications equipment. Page 14

WALL STREET: At 2m the Dow Jones industrial average was 2.80 higher at 1,326.50. Page 34

TOKYO prices improved in active trading. The Nikkei-Dow market average gained 70.76 to 12,704.81. Page 34

LONDON equities rallied to close at around the day's best. Gilts were quiet. The FT Ordinary share index added 6.0 to 988.2. Page 34



NICKEL values surged in London on news of a strike at Falconbridge's mining operation at Sudbury, Ontario. Profit-taking pared the gains, but the cash price was still $45.50 higher at the unofficial close at $4,921 per tonne. Page 26

DOLLAR was weaker in London, falling to DM 2.7655 (DM 2.7775), FFr 8.4475 (FFr 8.4835), SwFr 2.2665 (SwFr 2.2785) and Y236.95 (Y237.3). On Bank of England figures the dollar's exchange index fell to 136.5 from 136.7. Page 27

STERLING gained 35 points against the dollar in quiet London trading, closing at $1.393. It fell, however, to DM 3.85 (DM 3.86), FFr 11.73 (FFr 11.78), SwFr 3.155 (SwFr 3.165) and Y329.5 (Y329.75). The pound's exchange rate index fell 0.1 to 81.7. Page 27

GOLD rose just 50 cents on the London bullion market to $335.25. It also rose in Zurich to $336.05. Page 26

SWITZERLAND'S current account surplus reached a new high last year at SwFr 8.9bn ($3.9bn). The previous record was SwFr 8.4bn in 1976. Page 3

BRAZIL'S main creditor banks agreed to give it further breathing space until January 17 to allow for completion of crucial negotiations with the IMF. Page 14

SUNDSVALLSBANKEN and Uplandsbanken, two of Sweden's leading regional banks, are expected to announce merger plans. Page 15

BASF and HOECHST, two of the big three West German chemical groups, reported higher profits for the first half of the year and forecast good trading conditions for the rest of 1985. Page 14 and Lex

MONTEDISON is seeking to have a 2 per cent stake recently purchased in the Italian chemicals group by BI Invest, the financial and property group, declared illegal.

VICKERS, UK engineering and car group with a growing medical and scientific division, is to acquire Teca Corp, U.S.-based maker and distributor of medical equipment, for about $15.8m cash. Page 18

AGA, the Swedish industrial gas group, boosted earnings by 64 per cent during the first six months of the year. Page 15

PETRO-CANADA, the Canadian state-owned energy producer, has written down C$486m (U.S.$362.7m) from exploration assets in the Arctic and other remote areas. Page 15

HONGKONG and Shanghai Banking Corporation won the right to open the first foreign banking operation in China since the revolution in 1949. Page 15

Benazir Bhutto keeps alight the family flame

ONE OF THE largest crowds seen in Pakistan since President Zia ul-Haq seized power in 1977 gathered yesterday in the southern town of Larkana for the return to the country of the daughter of the ousted, and subsequently executed, President Zulfikar Ali Bhutto and the funeral of his son, writes **John Elliott in Larkana, Pakistan.**

About 100,000 people, including many anti-Government activists, attended the emotional but peaceful burial, of 26-year-old Shahnawaz Bhutto, who died in Cannes, southern France.

After wards Miss Benazir Bhutto, speaking at her family home in Larkana, recommitted herself to her role as a leading opposition politician in Pakistan. She is the leader of Pakistan's major outlawed political party.

But President Zia skilfully avoided any confrontation yesterday. He removed all armed forces and police, apart from a handful of traffic controllers, from the streets of Larkana, having first stopped many leading politicians from entering the area.

"I am more committed than ever before – there have been too many sacrifices," said Miss Bhutto, after bidding an emotional and tearful farewell to her brother's body on the steps of her home, where her father lived before his arrest and execution by the current Government.

The body of Shahnawaz Bhutto was brought by Miss Bhutto and other relatives and friends from France via Zurich yesterday to Pakistan's southern capital of Karachi, and then by air to Moenjodaro.

The body then travelled by road to Larkana, the seat of the Bhuttos, who, despite their left-wing politics, are one of the rich and powerful feudal families that rule this flat rice-growing Indus basin, in the southern Pakistan province of Sind.

Crowds assembled round the large Bhutto house and several hundred women chanted and wept inside the grounds. When the body left Miss Bhutto made her first semi-public appearance standing on the porch dressed in black with red-framed sunglasses shaking and weeping as the body was taken away for an all-male burial ceremony in the Bhutto family graveyard a few miles away.

She refused to be drawn further on whether she intends to stay in Pakistan and face the risk of arrest by actively taking up her job as chairman of the Pakistan People's Party (PPP). There were too many "imponderables" at present, including whether she was to be arrested or even whether she was free to leave the country.

Her closest aides expect her to speak out against the Zia regime, although others assume she will leave to avoid a repetition of the house arrest she suffered from 1981 to the beginning of last year.

She added that she would say more after the initial three days of mourning that follow a Moslem burial.

Mr Shah Mahmood Pashar Khurro, Interior Minister of the southern Pakistan province of Sind where Lakarna is located, indicated yesterday that she was free to hold political gatherings inside her house. But if she started agitating against the Government, then "any government would arrest her."

Miss Bhutto 32, has yet to prove herself as a capable working politician able to manage the divided PPP and to liaise with other sympathetic politicians.

Some people suggest that even if there was full parliamentary democracy in Pakistan, she still might not become Prime Minister for many years because this male-dominated, basically Moslem country, might not accept a young and unmarried woman for such a post.

But PPP supporters in Lakarna

Continued on Page 14

Laker's $8m deal clears way for sale of BA

BY DUNCAN CAMPBELL-SMITH IN LONDON

SIR FREDDIE Laker has accepted the $8m offered to him by international airlines in connection with the affairs of Laker Airways. The decision, announced yesterday, should finally free British Airways from the uncertainties of expensive U.S. litigation which have dogged its privatisation prospects for nearly three years.

It should also signal an end to the epic legal battle over anti-trust allegations against air carriers on the north Atlantic routes. In exchange for the money, Sir Freddie is abandoning all personal claims against the airlines in connection either with the affairs of Laker Airways, which collapsed in February 1982, or with any subsequent events.

Sir Freddie has consistently repeated allegations since then – still emphatically by the airlines – that his company was destroyed by an illicit conspiracy between his U.S. and European competitors.

His formal undertaking to abandon this position was signed in BA's London head office late on Tuesday night. The British Government's proposed sale of BA, delayed many times since last summer, could possibly now be scheduled for early next year.

Sir Freddie's commitment will also be binding on Lonrho, the trading conglomerate with which he set up two joint ventures in 1982 after his airline had gone into liquidation. BA said in a statement last night that Sir Freddie had been authorised by Lonrho to sign on its behalf as well as his own.

The airline's statement appeared to take Lonrho rather by surprise. "All I can say is that Lonrho's partnership with Sir Freddie Laker always took into account that neither party would do anything to damage the other," said Mr Paul Spicer, a Lonrho director. "Lonrho has never sought to delay BA's privatisation."

Lonrho indicated last month that it was intending to sue BA and a number of other airlines in the U.S. courts claiming triple damages of $327m on anti-trust grounds. In the wake of Tuesday's events, Lonrho will receive no compensation for any alleged malpractices by the airlines.

As recently as Monday, Sir Freddie was citing Lonrho's role as a critical reason why he regarded the offer of $8m by the airlines as "totally incapable of acceptance." But on Monday evening he returned to London from Jersey – where lawyers on Freddie's behalf were asking the courts for more time – and he approached BA on Tuesday, the deadline for the offer.

BA first made it, informally, in mid-January on behalf of itself and 11 other companies caught up in the legal aftermath of Laker Airways' collapse. BA had to spend much of Tuesday contacting the companies – including British Caledonian and Pan American Airways – to check that the offer was still available.

Phibro Salomon to quit S. Africa

By William Hall in New York

PHIBRO-SALOMON, the international investment banking and commodities trading group, announced yesterday that it will make an orderly withdrawal from all its remaining business activities in South Africa, including closing its Johannesburg office.

Although Phibro-Salomon's direct investment in South Africa is not believed to be large, the move is significant since the group's biggest shareholder, the Bermuda-based Minerals and resources Corporation (minorco), is the international arm of South Africa's giant Anglo American/De Beers group.

Minorco recently reduced its stake in Phibro-Salomon from 22 per cent cent to 14.5 per cent and although Phibro-Salomon has always been reluctant to talk about its big South African Shareholder, it has frequently come under attack by critics of South Africa's apartheid regime because of its close links with the country.

Phibro-Salomon consists of Salomon Brothers, the big New York investment bank, and Philip Brothers, one of the world's biggest commodity traders. The break with South Africa is not expected to have much impact on the group's investment banking business – in fact it could be a positive move – but it could hurt Philipp Brothers' business since 17 trades in many of the commodities in which South Africa is a major producer.

Phibro-Salomon said yesterday that "it foreses no material impact on its business" as a result of its decision to withdraw from South Africa.

South African miners reject offer, Page 2; U.S. blacks angry, Page 4

Mobil refuses Oslo's offer of two oil blocks

BY FAY GJESTER IN OSLO

MOBIL, the U.S. oil group, has refused the licence stakes and role of operator which it was offered on two Norwegian offshore blocks. The move could signal Mobil's eventual withdrawal from Norway's offshore oilfields, where it has played a pioneering role.

Mobil's refusal, which astonished industry observers in Norway, appears to be a protest against its exclusion from block 34/8, the most promising block in Norway's tenth licensing round. Only two foreign companies, Elf and Conoco, received shares in 34/8.

Mobil was instead offered stakes in the other two blocks for which it applied. One of these, 9/3, is regarded by experts as the second most attractive of the eight blocks provisionally awarded in the round.

A spokesman at the Stavanger headquarters of Mobil Exploration Norway said that because of the "high risk" involved in participation in 9/3 and 26/4, the other block which it was offered, the company felt that the total package was not good enough to justify acceptance.

As operator of the Anglo-Norwegian Statfjord field, Mobil has played the pioneering role in Norway's offshore industry. Under a Government decision taken last year the company will hand over operatorship of Statfjord to Statoil, the state oil company, from January 1 1987. A stake in plum block 34/8, which could hold even more oil than Statfjord, would have been welcome compensation for its loss of the Statfjord job.

Mr Kåre Kristiansen, Norway's Oil Minister, said he was surprised and disappointed at Mobil's decision. His deputy minister, Mr Arild Rødland, said the company might be invited to meet ministry officials to explain its reasons. He could understand Mobil's disappointment, but would not concede that it had been treated "unreasonably."

Industry sources suggest that Mobil in Norway favoured accepting the two blocks offered but was overruled by its U.S. parent. The company has applied for stakes in the second phase of the tenth round, but this bid was filed last Friday, before it refused the two first-phase blocks. In the light of its refusal, the Oil Ministry is unlikely to take Mobil's second-phase applications very seriously.

Two U.S. oil companies, both of which operate producing fields on the Norwegian shelf, did not bother to bid in either the first or the second phase of the round.

The operator role on 9/3 spurned by Mobil may now be offered to Shell, already earmarked for a 20 per cent share of the block. This is the stake Mobil would also have received. This 20 per cent may be shared out among Shell, Tenneco and Stateoil, the other prospective partners on the block, or it may be offered to a fourth company. The fate of 26/4, regarded as an unattractive, "high risk" block, is uncertain. Only two other companies – Statoil and Total – were offered stakes on 26/4.

Mr Kåre Willoch, the Prime Minister, meanwhile, has offered to meet representatives of the opposition Labour Party today to discuss its objections to the 34/8 shareout. Labour claims that the proposed state stake in the block – 50 per cent – is too small, in view of the area's high potential. It says the

Continued on Page 14

Pressure grows for Gandhi to cancel poll in Punjab

By K. K. Sharma in Amritsar and D. P. Kumar in New Delhi

MR RAJIV GANDHI, India's Prime Minister, came under intense pressure yesterday to cancel the state elections in Punjab, called to reinforce last month's peace accord, in the wake of Tuesday's assassination of a top Sikh leader.

Troops went on alert throughout northern India as thousands attended the funeral of Sant Harchand Singh Longowal, leader of the moderate wing of the Akali Dal, the Sikh political party.

Sant Longowal was shot dead by four gunmen, believed to be Sikh extremists, as he addressed a public meeting in Punjab in support of the peace agreement he signed last month with Mr Gandhi.

India's major opposition groups issued a joint statement urging Mr Gandhi to cancel the September 22 elections in Punjab and give priority to restoring peace in the state.

"If the elections are held as originally scheduled," the statement said," the atmosphere of goodwill created by the accord is likely to be vitiated."

Mr Gandhi was also urged to postpone the elections by leaders of moderate and extremist factions of the Akali Dal. The moderates said they would meet after yesterday's funeral to choose a new leader.

The rival militants noted with satisfaction that India's Election Commission, which oversees poll procedure, had asked the Punjab state government to report on the situation arising out of the assassination.

Mr Gandhi, who called a Cabinet meeting in the capital yesterday to discuss the new crisis, will be extremely reluctant to postpone the poll as this could be seen as giving into terrorism. But there are clearly growing doubts both over the elections and the implementation of the accord, now that its main Sikh supporter is dead.

A feeling of uncertainty gripped the holy city of Amritsar yesterday. All shops were closed in mourning for Sant Longowal, streets were deserted

A 24-hour curfew was imposed on the Punjab city of Ludhiana after Sikh-Hindu tension flared over the killing on Tuesday of a Hindu leader of the ruling Congress (I) party.

Police confirmed yesterday that two of Sant Longowal's killers were young Sikhs. They claimed that a third attacker who fled in the confusion was identified as Jarnail Singh, a leader of the hardline All India Sikh Students Federation, who is wanted already in connection with several cases of arson and murder.

Thousands mourn, Page 2

Bonn 'must end levy on shares'

BY JONATHAN CARR IN FRANKFURT

THE WEST German Bundesbank has stepped up its pressure on the Bonn Government to abolish stock market stamp duty, saying the levy is a growing obstacle to domestic securities trading.

In a speech in Frankfurt yesterday, the central bank's president, Herr Karl Otto Pöhl, said he realised there might be fiscal arguments against abolition.

"But I hope that these will not prevail, since the disadvantages of the tax must be judged far higher than those of its abolition," Herr Pöhl declared.

The Bundesbank president was speaking at a ceremony marking the 400th anniversary of the Frankfurt Stock Exchange – the largest of the eight German bourses.

The stamp duty (Börsenumsatzsteuer) has come under increasing fire because it cuts across Bonn's own expressed aim of creating a more lively German stock market.

But its existence has also brought another anomaly since the Bundesbank permitted, from May this year, the use of new financial instruments including floating rate notes.

Because the notes are subject to the duty, the secondary market has tended to go to London where there is no equivalent levy. Hence the inelegant term "Londonfurter," meaning notes issued in German and traded in London.

Herr Pöhl indirectly referred to this in his speech when he spoke of the duty as a promotional aid for other countries' markets.

Only last week, Dr Gerhard Stoltenberg, the Finance Minister, said that in principle demands for abolition of the duty were justified. But he could not name a date for its removal.

It is understood that while Dr Stoltenberg would like to see the tax go – it brought in DM 341m ($123m) last year, or 0.2 per cent of total revenue – he feels the action might open the door to more wide-ranging demands for tax cuts from several sides. These in turn could endanger the budget consolidation on which Dr Stoltenberg puts the highest priority.

In his speech, Herr Pöhl also stressed that the "time is ripe for decisions" on updating the German stock exchange system. Further delay would mean that all German exchanges would suffer, he said.

Herr Pöhl was referring to plans – pressed in particular by Herr Karl-Oskar Koenigs, president of the Frankfurt exchange – for cutting costs and duplicated effort among the eight bourses.

The issue is particularly delicate because two exchanges, Frankfurt and Düsseldorf, account for around 80 per cent of total stock market turnover (last year DM 234bn). But the smaller exchanges have proud traditions, and often buoyant local business, and are determined to protect their interests in any revamping of the system.

Herr Pöhl said regional bourses would continue to exist where they fulfilled an economic need. But the fact could not be ignored that the rank of a stock exchange today was determined by the international role it was able to play.

Frankfurt was the outstanding bourse in West Germany's financial markets, Herr Pöhl stressed, and account should be taken of that when decisions on revamping the system were taken.

Stock markets, Page 34

CONTENTS

Death toll grows in Beirut as fighting goes on

BY NORA BOUSTANY IN BEIRUT

THE SOUND of shellfire resounded across the Lebanese capital and its suburbs again yesterday as the Lebanese Army and Druze moslem militia gunners fought pitched battles in the strategic hills overlooking Beirut.

The mysterious car bomb campaign that has left Christian and Moslem civilian centres ravaged by death and carnage appeared to have ceased yesterday, but the fighting along demarcation lines reaching out into rural areas continued.

The casualty toll rose mercilessly while, as Christians and Moslems buried and traded accusations, political leaders pressed for a military showdown. Since Tuesday night et least 37 people have been killed and 166 wounded in the shelling.

Tha Christian militiea (the Lebanese Forces) held the Shi'ite Moslem Amal movement responsible for the erupnon nf hostilities, the worst this year.

Mr Nabih Berri, Amat leader and Justice Minister, hit back saying he would not agree to a ceasefire and summoned his Druze ally, Mr Watid Jnmblat, to cut short a trip to Moscow.

Directing his words at Christian militias and Army nnits battling Shi'ite and Druze fighters, Mr Berri said they should know "we are capable of a military settlement if that is what they want. Artillery positions in the Bekaa Valley and the mountains are ready, and our forces are prepared to advance."

The latest outburst of fighting follows Syrian efforts to promnte a dialogue on political reforms leading to e settlement.

Tichrin, the official Syrian Government newspaper, said in an editorial yesterday thst the various factions had a chance to end the crisis hy co-operating with Syria in an apparent criticism of the Lebanese forces.

"The links which some had with foreign quarters and the infiltration of agents have prevented achievement nf a national settlement," it said.

That was a reference to other regional fnrces, Israel or Arab, interested in undermining Syria's role as the determining factor in Lebanon'e political future.

Dr Selim Hoss, Lebanon's Minister nf Labour, a furmer Prime Minister who is a Sunni Moslem and respected technocrat, held marathon talks with Syrian leaders in Damascus yesterday in a bid to find a way nut of the renewed cyete nf factinnal warfare. Moslem leaders blamed Israel fnr masterminding the new escalation to discredit Syrian peace efforts in Lebannn, but Mr Joseph Al Hashem, the Health Ministar, who is e Christian, said Syria beld 80 per cent of the cards in her hand.

The Shi'ite Amal movement satd yesterday that unidentified aircraft attempted to hit its positions in Syrian-held territory in Tarshish, some 30 kilometres east of Beirut.

In Beirut, sbells crashed down on the international airport.

S. African miners reject fresh offer

By Michael Holman and Jim Jones in Johannesburg

REPRESENTATIVES of South Africa's black National Union of Mineworkers (NUM) and the Chamber of Mines met yesterday for a further round of negotiations in an effnrt to avert a threatened strike due to begin on Sunday.

The strike, which would be one of the most serious in the country's history, threatens to bring large sections of the country's gold and coal mones to a balt.

A first round of talks ended after the chamber had offered improved fringe benefits, including increased bnliday allowances and a shortening of the working furtnight from 100 hnurs to 99 bours, an NUM spokesman said.

These proposals had been rejected, the talks broken off to allow chamber officials to consult further with their principals. The two sides were due to meet for a further round of negotiations later.

On Monday this week at an earlier round of talks with the Chamber, which represents the country's mining houses, the NUM put forward a modified version of its original claim. It stuck to a call for an across-the-board 22 per cent basic wage increase but reduced its demands for improved conditions of service, including extra holidays. The companies have already unilaterally implemented increases ranging from 14.1 per cent to 19.6 per cent.

Yesterday's talks were regarded by both sides as critical. Observers last night doubted that the Chamber would increase its original wage offer, but felt that it might well propose additional benefits and improved employment conditions which could provide both sides with a face saving compromise.

South Africa's gold mining industry generates about two fifths of the country's export earnings and about one seventh of gross domestic product. Coal is the nation's second most important export commodity and there have been fears that if a strike in the coal industry is called it will be targeted specifically against export coalieries.

South Africa's coal exporters won valuable export markets as a result of the recent British coal miners' strike.

Unrest continued yesterday in black townships, while police reported over 50 further detentions during the past 24 hours. In Cape Town support appeared to be growing for a consumer boycott of white businesses.

Murdered Sikh leader Sart Harchand Singh Longowal surrounded by mourners

Thousands mourn murdered Sikh leader

BY K. K. SHARMA IN NEW DELHI

THE BODY of Sant Harchard Singh Longowal, the Sikh politician assassinated for signing the peace agreement on Punjab, was borne in a funeral procession attended by thousands of mourners in a dusty Indian village yesterday.

The funeral, with full state bonours and a public cremation, took place at his native village, also named Longowal. The bullet-riddled body of the 57-year-old leader of the moderate Sikh party, the Akali Dal, was wreathed in roses and marigolds and placed on top of a car in a motorcade of 200 vehicles.

Sikh priests from the Golden Temple in Amritsar, stormed last year at the orders of Mrs Indira Gandhi, the lata Prime Minister who was herself assassinated by Sikh extremists, prayed over Sant Longowal's body.

Sant Longowal was shot dead on Tuesday by four gunmen, two of wbom were arrested, apparently for his part in signing an accord with Mr Rajiv Gandhi, the Prima Minister, aimed at bringing peace to Punjab.

The extremist faction led by Sant Longowal's rival, Mr Joginder Singh, 83-year-old father of the slain extremist Sant Jarnail Singh Bhindranwale, feared a crackdown by the Government and barsh measures against its members.

"False arrests have already been made; more will be arrested," said Mr Surat Singh Khalsa, the fiery secretary of the United Akali Dal party led by Mr Joginder Singh. "The Government has always been harsh and it will now be harsher."

Both Surat Singh and Mr Jagdev Singh Talwandi, who was Sant Longowal's most vociferous critic and staunchest rival, again rejected the Punjab settlement signed by the assassinated leader and Mr Gandhi on July 24. "Longowal had no right to speak on behalf of tha Sikhs," they said in Amritsar yesterday.

The extremist faction is now bopeful that tha entire Sikh community will unite under its leadership. Although expressing sorrow over the assassination, Mr Surat Singb yesterday described Sant Longowal as a "Government agent

He pointed out that the Government had ordered two days of mourning and this had never been dnne before when eminent Sikh leaders had died. "Does this not show that Longowal was acting for tha Government?" Mr Surat Singh asked.

He expects all moderates to join his faction eventually, now that tha "main obstacle is no longer present to thwart unity moves."

Other independent observers are not so certain. They think that leaders like former Punjab Chief Minister Prakash Singh Badal and Mr Gurcharan Singh Tohra, head of the Sikh temples committee will stake their claim to lead the moderate faction of the Akali Dal, especially as they had patched up their differences with Saut Longowal hours before be was assassinated.

But all agree that it will take a long time for any new leader to emerge from among the moderates, since no one has sufficient stature or respect to command the allegiance of the majority of the Sikh community.

At best, this means uncertainty for a long time. At worst, it could mean a strengthening of the grip of the extremists over the Akali Dal.

Peking polls the masses on prices

By Robert Thomson in Peking

THE CHINESE Government has resorted to an opinion poll to discover whether the masses approve of its economic reform policy. The results show that the majority generally approve of price reforms, although a surprisingly large percentage openly expressed their displeasure.

Just over 2,400 people in 11 cities and 16 counties took part in the poll, carried out by China's Economic Structural Reform Institute and Beijing university's sociology department. The results of the poll were reported in today's "Economic Daily."

Chinese readers were surprised by the frank admission contained in the published results that, while a majority support the reforms, a sizeable minority don't understand or don't approve of the Government's policy, which is designed to make prices more responsive to the market.

Presented with the statement "price reform will eventually be beneficial to the improvement of tha people'a living standard." 69.6 per cent of those surveyed agreed, 20.8 per cent did not know, and 8 per cent disagreed. (The figures do not total 100 per cent because 200 people apparently did not answer the questions at all.)

To the question "do you agree that the reform can only bring higher prices?"—35.2 per cent agreed and 59.4 per cent disagreed. Asked whether tha state would let the Chinese people suffer losses, 86 per cent said that it would not, and 10 per cent expected that the state would let them suffer.

Acceptance of the politically-sensitive price reform policy is crucial to the success of the economic reforms introduced by the Chinese Government. Subsidies have already been removed from food prices in many cities in an attempt to let the market prevail.

Tha abolition of subsidies led to a sharp increase in prices, though they now appear to have stabilised. Price reforms were introduced in Peking in May, tripling the price of some varieties of fish, and causing a 36 per cent rise in the cost of pork, the staple meat.

In June, thousands of peasants reportedly staged a protest in Tianjin against the Government's decision not to grant them the wage subsidies given to urban workers to offset the price increases resulting from the reforms.

The opinion poll also asked "what do you think is the aim of the reform?"—to which 74.3 per cent replied "enlivening the economy," while 16.6 per cent said "do not know" and 7.1 per cent answered "the state wants to gain money."

Presented with the statement "price reform will eventually be beneficial to the prosperity of the state economy," 76.8 per cent agreed, 17.8 per cent said they did not know, and 3.7 per cent disagreed.

Commenting on the findings, a spokesman for the State Price Bureau said price reform is "the key to the success or failure of the structural reform of the wholo economy."

Libya steps up expulsion of overseas workers

BY OUR MIDDLE EAST STAFF

LIBYA is continuing its policy of wholesale deportations of foreign workers with the arbitrary dispatch of workers who came from Niger, Mauritania, and Egypt, as well as well as Tunisia.

The enforced repatriation of foreign labour, in line with Libya's announced policy of reducing the foreign workforce in response to lower nil revenua and reduced development spending, is prodncing growing complaints of maltreatment.

Egypt yesterday dispatched letters to Sr Javier Perez de Cuellar, UN Secretary-General, and a number of international organisations accusing Libya of violating the rights of its workers who have been expelled. It has asked the International Labour Organisation to send a fact-finding mission to Libya.

Egyptian workers who hava been ousted have claimed that they were forced to leave savings and personal belongings behind.

Yesterday, Niger's Foreign Ministry said that 3,175 of the country's citizens had been expelled out of a total of 5,000 under orders to leave. They are being transported to the border hy road.

Mauretania reported that 530 of its expatriate workers in Libya had been forced to leave recently, including 330 who arrived on an aircraft on Monday night. An estimated 30,000 Mauretanians are working in Libya.

The returning Mauretanians were reported to have complained that they were maltreated and that their property had been confiscated.

Another 30 Libyans were scheduled to leave Tunisia yesterday, in additinn to the 253 whose expulsion has heen announced by the Tunisian authorities.

Israel plays down murder of diplomat in Cairo

BY WALTER ELLIS IN JERUSALEM

ISRAEL YESTERDAY sought to play down the possible adverse effects on relations with Egypt nf Tuesday's murder in Cairo of an Israeli diplomat.

Senior ministers attending a meeting of the inner Cabinet yesterday morning gave the affair top priority. However, they seemed ready to leave it to the Egyptians tn bring the culprits to justice without undue pressure from Israel.

● Pollee yesterday detained an Egyptian whose car is believed to have been used in the killing. Poliee named the man as Osama Ali and said be was being Interrogated.

Cardinal Sin unleashes bitter attack on Marcos

BY SAMUEL SENOREN IN MANILA

CARDINAL Jaime Sin, archbishop of Manila, yesterday unleashed his most bitter attack yet against the 20-year rule of President Ferdinand Marcos, elaiming that efforts towards a reconciliation with his Government bad failed.

The 56-year-old Catholic leader assailed the human rights record of Mr Marcos' regime in a homily he gave during a mass marking the second anniversary of the assassination of the popular oposition figure Mr Benigno Aquino.

Later tens of thousands of flag-walvng Filipinos marched through the streets of Manila demanding an end to Mr Marcos' Government, Oragnised by radical and moderate groups the protestora ignored a red alert put out hy military and police forces which ringed the presidential palace.

In the afternoon the marchers converged on the financial district of Makati and rallied in a park near the presidential palace.

Speakers, led by Mr Aquino's widow, Cory, 52, took turns in attacking Mr Marcos' regime for alleged abuses ranging from graft and corruption to gross violatinn of buman rights.

Two years after Mr Aquino's murder, said Cardinal Sin, there was still no sign of reconciliation with the Government. Those behind the crime remain to this day without a human face, he said. Mr Aquino's widow has held Mr Marcos liahle for the murder of her husband

Tha opposition leader, who was Mr Marcos's strongest rival for the presidency, was gunned down at Manila airport on August 21, 1983 while under military custody after returning from a three-year exile in the U.S.

Three generals and 22 soldiers are now on trial in a civilian court on charges that they had a hand in Mr Aquino's killing. The defendants, ineluding Army Chief General Fabian Ver, claimed that Mr Aquino was shot by a communist hitman who was killed by Mr Aquino's escorts.

A civilian inquiry panel disputed the military version and instead indicted the defendants fnr conspiracy end murder.

● Soldiers used water boses to break up another anti-Marcos demonstration by 5,000 protestors in the central Philippine city of Cebu yesterday. Snme 16 protestors and four soldiers were injured as demonstrators threw stones in retaliation, witnesses said.

Sri Lankan deaths inquiry

PRESIDENT Junius Jayewardene said yesterday he had ordered an inquiry into charges, denied by the Government, that security forces killed mnre than 100 Tamils in Sri Lanka's northern Vavuniya district last week, Reuter reports from Colombo.

Mr Jayewardene tnld the cabinet he bad asked the military to investigate immediately under military law because of conflicting reports.

Both the Eelam Natinnal Liberation Front (ENLF), an alliance of four major separatist guerilla groups, and local residents have reported the killings.

Four soldiers were killed yesterday when guerrillas set nff a landmine under their vehicle in the Nurthereastern province,

Taiwan names Finance Minister after scandal

BY BOB KING IN TAIPEI

TAIWAN HAS appointed a new minister of finance to replace Mr J. K. Loh who resigned last week in the wake of a major financial scandal.

The government named Mr Robert Chien, a deputy governor of the Central Bank as his successor. The Cabinet is expected to formalise the appointment today.

Mr Chien, 56, has served as deputy governor of the Central Bank since 1974. Before that he held a number of finance and economy-related posts in Government. He is the elder brother of Mr Frederick Chien, who heads Taiwan's "unnfficial embassy" in Washington. Ha is generally well-regarded by foreign bankers and economists in Taiwan.

His predecessor, Mr J. K. Loh, resigned late last week after a report from a government investigative body found him and his two predecessors guilty of negligence in connection with a recent financial scandal involving the Tenth Credit Co-operative and affiliated companes in the Cathay Plastics group—one of the mainstays of the large and widely diversified Cathay group of companies here.

The investigators took several other lower-level financial officials to task for either acting improperly or failing to act, thus contributing to the largest financial scandal in Taiwan's history.

Details of the affair are still emerging. The Government alleges that Mr Tsai Chen-Chou, a former member of parliament, and head of both Tenth Credit and Cathay Plastics treated Tenth Credit as his private treasury to fund his other companies

To do this, the Government charges, Mr Tsai used "dummy" borrowers, inflated the valua of collateral, some of which had been pledged many times over, and even took out loans in the names of unsuspecting employees

The Taipei courts have already sentenced Mr Tsai to six 15-year jail terms on bad cheque charges. He is now standing trial along with several associates on more serious charges of hreach of trust, forgery and frand.

Mr Chien will have to move swiftly to restore public confidence both in the Government and in the soundness of private companies here.

Companies have found it increasingly difficult to raise private capital since the Cathay affair surfaced and many companies are baving cash flow problems as a result.

Hanoi minister visits Jakarta

THE VIETNAMESE Foreign Minister, Mr Nguyen Co Thach, is in Indonesia for talks on the thorny issue of Kampuchea Kieran Cooke reports from Jakarta.

Indonesia, the closest to Vietnam of all the South East Asian countries, says there are indications that Hanoi may now wish to solve the question of Kampuchea, the Vietnamese - backed government of which is still not recognised by tha United Nations.

Last week, the foreign Ministers nf Vietnam, Laos and the Vietnamese-backed Government in Phnom Penh, said all Vietnamese troops in Kampuchea—said to number 170,000—would be withdrawn by 1990.

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Michael Holman profiles Chief Buthelezi, ruler of the country's largest homeland

Zulu leader takes a contentious stand in S. Africa

THE Chief Minister of the homeland state of Kwazulu, president nf Inkatha, South Africa's largest black political party, and hereditary Zulu chief, Mangosuthu Gatsba Buthelezi, had just demonstrated why he is also one of the republic's most contentious figures.

The bearded, bespectacled 56-yeer-old leader nf South Africa's 6m Zulus, the largest single ethnic group amnng tha country's 22m blacks, had hosted a lunch at a hotel in Ulundi, the Kwazulu capital, fnr a visiting U.S. delegation.

Genial, articulate and often humorous, he had presented an eloquent account of his case against any form of economic sanctions or disinvestment, and asserted bis belief that the political aspirations of the nation's black majority could be achieved hy non-violence and negotiation.

Fifteen months on from that Ulundi meeting, Chief Buthelezi received little encouragement last week from the speech hy Mr P. W. Botha, the South African president, which failed to outline expected new reforms. Mr Botha, suggested Chief Buthelezi afterwards, lacks the courage of his reformist convictions.

This lack of new Government initiative will inevitably add to Chief Buthelezi's difficulties in winning support fnr his stand. It is already anatheme tn many black South Africans, whether in the United Democratic Front (UDF), the anti-apartheid multi-racial coalition, the banned African National Congress (ANC) nr the radical Azania Peoples Organisatinn (Azapo).

Their opposition to Chief Buthelezi stems from a fundamental disagreement over tactics. Tha ANC is waging a guerritta campaign, while UDF and Azapo strongly hint at support for disinvestment and economic sanctions. To call publicly fnr either action is a serious offence in South Africa.

It also stems from misgivings both about the character of the chief and the role of Inkatha, whose 900,000 members sometimes nperate in a para-military fashion.

The further source of friction lies in Chief Buthelezi's position as Chief Minister of South Africa's largest homeland, which has laid him open to charges that he is "collaborating" with apartheid.

Yet at the same meeting in Ulundi, as he has done elsewhere in South Africa and around the world, the chief firmly disabused any listeners of the notion that he might he an Uncle Tom figure. He reasserted his abhorrence of apartheid and his belief in a unitary South Africa and an adult franchise.

> 'I have always stated that Inkatha is rooted in the ideals of the ANC. We have the same goals, to bring about a non-racial democratic government in South Africa. We differ only on strategy'

He expresses his willingness to compromise in the search fnr majority rule, arguing that he can acknowledge the realities of white power without submitting tn it. It may be possible, he maintains, for the black majority to negotiate an equitable role in central government by granting concessions, rather than seeking coofrontatinn.

It is a complex strategy and even more unpopular today among many black South Africans after more than 10 months of violence.

It is in Natal, however, the South African province from which the 24 or so chunks of separate territory which make up Kwazulu ere carved, that his power sharing approach may be put to the test. There are tentative indicatinns that the Government is looking again at proposals it once rejected out of hand.

In 1980, the chief established a commission with a multi-racial membership nf almost 50 eminent politicians, academics and businessman who were to investigate "an alternative regional constitutional arrangement" for Kwa-Zulu and Natal.

The commission, boycotted by the ruling National Party, delivered a seven-volume report in 1982 proposing a joint executive for the combined territories with equal black and white bloc a power of veto in with delegates from the coloured (mixed race) and Indian communities, and a legislativa assembly elected by universal adult suffrage.

It also envisaged a justifiable bill of rights and offered the white bole a power of veto in certain areas including educational changes.

Today the report is the nearest thing South Africa has to an alternative constitutional model. But despite veiled suggestions that the Government may look again at tha proposals, the gap between Mr Botha's definition of power sharing and what Chief Bnthelezi envisages is wide, perhaps unbridgeable.

"When we say that we insist on power sharing," said the chief in a recent article, "we are saying that African people must share in the determination of what happens to budgetary resources, the taxes we pay and the revenue we all help to earn."

He does not give any comfort to the Government, which portrays as a concession its offer to provide a political forum (yet to be defined) for urban blacks outside the homelands, when he declares: "I beve never regarded urban and rural blacks as having separate destinies."

Many of Chief Buthelezi's critics concede that be has been a stumbling block to Pretoria's efforts to achieve the grand apartheid design.

Pretoria placed formal control of Kwazulu in the hands of a legislative assembly, hut Chief Buthelezi has refused to accept the "independence" that has been offered, in part because it would mean loss of South African citizenship for the territory's residents.

His stand has been an effective veto on the completion of the homeland policy: "If there is one issue that is non-negotiable, it is the loss of citizenship," said Chief Buthelezi in Ulundi.

His views fit into nn simple categories, and nnthing angers him more than the charge that he bas "betrayed" the African eause.

He joined the ANC while a student at Fort Hare University, and today continues to sea himself in the ANC traditinn. "I have always steted," he said, in a recent interview, "that Inkatha is rooted in the deals of the ANC. We have the sama goals, to bring about a non-racial democratic government in South Africa. We differ only on strategy."

ANC stalwarts incinding Mr Nelson Mandela, Mr Oliver Tambo and Mr Walter Sisulu were among his contemporaries, and at Ulundi the chief was at pains to stress this early association. He produced photocopies of correspondence with these men almost as if they were testimony to his nationalist credentials.

However, even those who sympathise with his strategy heve serious misgivings about the man himself, who is seemingly unable to find practical common cause with other anti-apartheid groups and is intolerant of criticism.

Despite the fact that Chief Buthelezi draws substantial crowds to political rallies in Johannesburg's black township nf Soweto, be has yet to demonstrate that be can attract support beyond his ethnic base.

His greatest test will be wheher his anti-sanction, non-violent stance can win support from the country's increasingly bitter and allenated black majority.

EUROPEAN NEWS

Bonn hunts a third espionage suspect

WEST GERMAN investigators are hunting o third suspected spy following the disappearance of two women secretaries believed to have been East German agents, Reuter and AP report from Bonn.

The Federal Prosecutor's office said it was inquiring into a messenger in an army administrative centre in Bonn who disappeared at the weekend.

Security officials identified the man as Lorenz B, aged 53, who had been a close friend of Ursula Richter, one of the missing secretaries. They said his disappearance reinforced suspicions that she was the controlling officer of a string of agents in Bonn.

The mass-circulation Bild newspaper of Hamburg claimed that the man once worked as a lift mechanic in the top-secret Eifel Hills bunker to be used by the Government in a nuclear war.

The man's disappearance became public as Herr Axel Wernitz, chairman of the parliament's interior committee, predicted that other spies would flee to East Germany. Herr Wernitz said in a newspaper interview there were "definite signs" that the agents were getting nervous.

In addition to Ms Richter and Lorenz B, authorities say that Sonjo Lueneburg, 61, a long-time aide to Herr Martin Bangemann, Economics Ministers, was also suspected of spying for East Germany. She vanished on August 6.

The Prosecuter's Office confirmed yesterday that investigators suspect Ms Lueneberg slipped into West Germany with an assumed name in the 1960s.

Authorities found telephone numbers of the East German state security offices in her apartment, according to Bild.

Norway forecast

Norwegian oil output is set to rise by almost 50 per cent over the next five years, from 35m tonnes per year to 50m tonnes, according to economists at Bergen's Institute for Industrial Economic Studies, reports Fay Gjester in Oslo.

Ideological leader

The new ideological chief of tha Soviet Union's 400,000 front line troops in East Germany was named yesterday as General Nikolai Moiseyev, formerly propaganda officer near the Soviet border with Afghanistan, Reuter reports from East Berlin.

Coal losses fall

Charbonnages de France, the French state coal authority, said yesterday it had almost broken even last year after a loss of FFr 768.7m (£65m) in 1983 despite a fall in production and a decline in French coal consumption, AP-DJ reports from Paris. Last year's loss nf FFr 13.7m did not include government subsidies totalling FFr 6.6bn.

Peace contenders

A record number of 99 nominations for the 1985 Nobel Peace Prize has been submitted to tha Norwegian Nobel Committee, Reuter reports from Oslo.

Winegrower fined

The former president of the West German Winegrowers Association, Herr Werner Tyrell (69), was given a one-year suspended aentence yesterday and fined DM 160,000 (£41,500) for illegally sweetening his wine with sugar, Reuter reports from Mainz.

Tomatoes cleared

Tests on Italian tomatoes treated with a toxic pesticide showed residual traces of the chemical, but a Health Ministry official said yesterday tha tomatoes, grown around Naples, were not a bealth risk, Reuter reports from Rome.

Tony Jackson reports on overcapacity in one of Europe's chemical industries

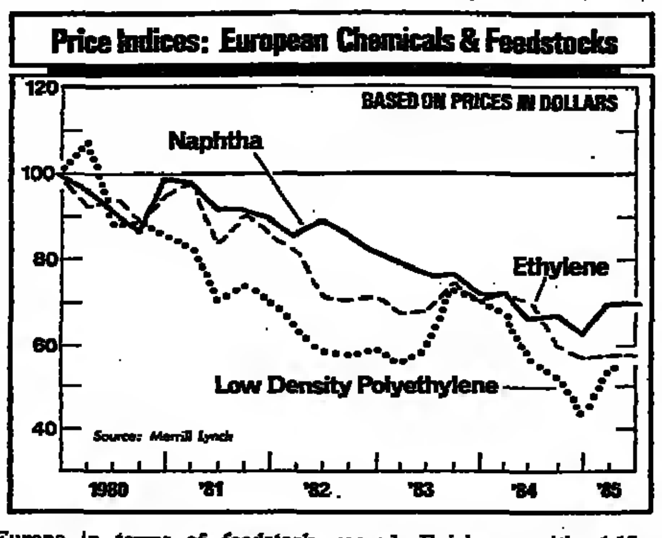
Thin times for ethylene plants

ESSO'S announcement that it is closing its 450,000 tonne ethylene cracker at Cologne, West Germany, came as no surprise to the chemicals industry. Europe is suffering from overcapacity in ethylene of around 20 per cent, and the situetion is about to be made worse with the commissioning next month of the efficient plant at Mossmorran in Scotland.

Mossmorran, a giant £500m project with an ethylena capacity of 500,000 tonnes, is a joint venture between Shell and Esso itself. It is also likely to be the last such plant in Western Europe for the foreseeabla future.

Such massive projects were characteristic of the beadier days of tha 1970s, before the disastrous slump in petrochemical demand of 1980-81. Although business bas picked up since, some industry observers believe there will be virtually no growth in European demand for ethylene until the end of the decade.

Demand will, nf course, be higher for ethylene-derived products such as polyethylene, which in its various forms accounts for around 60 per cent of European ethylene ontput. Bnt unlike ethylene itself, polyethylene can ba shipped economically around tha world. And buge polyethylena plants in Saudi Arabia—started up this year—have an unbeatabla edge over



Europe in terms of feedstock costs.

However, there are atill some very big players in European ethylene manufacture. According to Industry consultants Chem Systems, the biggest is Shell, which, with its half-share of Mossmorran's output, will have tntal capacity in Europe of 1.46m tonnes—10 per cent of the total.

Next comes the U.S. group Dow, whose plants in the Netherlands and Spain have a combined capacity of 1.28m tonnes. Third is the Italian state-owned Enichem, with 1.15m tonnes. Then comes BP, with plants in Britain, France and West Germany totalling 1.075m tonnes, followed by the West German group BASF with 610,000 tonnes, and the Dutch DSM with 800,000 tonnes.

Until now, Esso has been very much in that league. Without avoiding action, its share in Mossmoran would beve made it Europe's biggest, with capacity of nearly 1.5m tonnes. However, the Cologne closure, together with the forthcoming sale of its 365,000 tonne Swedish plant to Statoil of Norway, will make it a second-league player with a mere 600,000 tonnes. But then, Esso plays an important role elsewhere in the equation through its partnership in Saudi Arabian polyethylene production.

As it happens, ethylene has lately been an improving business in Europe. Prices bave been firming in recent months, after taking a dreadful beating in 1984. But this bas little to do with underlying demand, and a great deal to do with an extraordinary series of plant eccidents afflicting ethytene crackers in Europe earlier this year.

In January, a 200,000 tonne cracker in West Germany, jointly owned by Shell and BASF, blew up. Then, in May, the 365,000 tonne Swedish cracker which Esso is selling to Statoil was put out of action by the collepse of a cooting tower. Three days leter, Enichem's 600,000 tonne cracker at Priolo, Sicily, was damaged by fire. Together with maintainence shutdowns, the accidents bave pot close on 15 per cent of Europe's ethylene capacity out of action.

However, most of this loss of capacity is probably temporary and the next downturn in the chemicals cycle, though mucb later than expected, cannot be very far off. Unless more producers follow Esso's example, the traumas could come again.

Turkish GDP up 3.8% in first six months

BY DAVID BARCHARD IN ANKARA

TURKEY'S gross domestic product grew by 3.8 per cent during the first half of this year, according to the state Institute of Statistics. The Government has set a target of 5.1 per cent for the year which now seems difficult tn attain. GDP grew last year by 5.8 per cent.

Growth in manufacturing industry slowed markedly. It reached 8.8 per cent in 1984 but is currently running at 4.5 per cent, more than 3 per cent below target.

Agriculture and services are also growing more alowly than expected at 2.6 per cent and 3.4 per cent respectively, well down on their performance last year.

Officials say that some overheating of the economy, especially in the manufacturing sector, occurred in 1984. However, the Government has aet ambitious growth targets for the current five-year plan which runs until 1989. It is known to believe that high growth rates are needed if any beadway is to be made in tackling Turkey's main social problems, notably unemployment which is notionally put at around 20 per cent.

The statistics institute estimates that per capita gross national product in Turkey has now risen to $1,065 a year.

West German car sales recover in July

FLENSBURG – West Germans registered more new cars last month than ever before in July, the Federal . Motor Office said yesterday, Reuter reports.

The figures underlined a healthy recovery in the domestic car market from extreme weakness earlier in the year.

New car registrations defied a normally weak trend for July to rise by 12.7 per cent on June to 225,563 – 46.5 per cent higher than in July 1984, when sales were badly hit as labour disputes dampened consumer spending.

The previous July record of 209,000 was set in 1971.

Tha motor office attributed the rise in car registrations to a release of demand held back last year and early this year as potential customers awaited clarification of government plans to tighten car emissions standards. The EEC agreed in March to phase in the new standards from 1988.

Confusion about the plans had depressed registrations in the first quarter to 17 per cent below their 1984 level, but by July the gap had narrowed to 2.4 per cent less than in the first seven months last year.

Total vehicle registration rose to 254,471; 11.3 per cent up on June and also a July record.

Meanwhile, in Bonn, the West German Cabinet discussed a plan yesterday to reduce exhaust pollution from trucks, buses, farm machinery and motorcycles by 20 per cent from January 1, a government spokesman said.

Ha said the Cabinet was unable to reach a binding decision because more than half the ministers were on holiday, but the subject would be raised at a later session.

The Interior Ministry said the plan, part of the Government's campaign to curb pollution which is blamed for killing West Germany's trees, foresaw a two-step cut in emissions, for which EEC guidelines would be sought.

● Europe's telecommunications industry cannot hope to compete against those in the U.S. and Japan as long as Europe's own communications market is divided into 10 national blocs, a leading West German economic research institute said in West Berlin yesterday.

The goal of creating a common EEC market is being frustrated by the policy of many national post and telephone authorities of buying mostly from domestic manufacturers, the DIW institute said in a report.

"Abandoning nationally orientated purchasing policies would create a large European market and give European companies the economies of scale which they could use in productioo and research and in offering competitive prices on world markets," the DIW said.

East bloc private sector 'still tiny'

By David Buchan

THE OVERALL impact of recent moves in the Soviet bloc to permit more private enterprises in industry and services bas been greatly exaggerated in the West, according to Wharton Econometrics.

The private sector accounts for no more than 3 per cent of industrial output or more than 12 per cent in retail trade in any country, says a Wharton survey.

Conducted by Mr Jan Vanous, the study is based on Soviet bloc coontries official statistics np to 1983, the most recent year for which such figures are available.

Illegal private enterprise, which in some East bloc countries is as significant as the legal private sector, is not included. Nor are services such as repairs, laundries, tutoring, nursing, legal services and entertainment, which are officially deemed "non-productive."

Recent Soviet warnings about the ideological consequences of private enterprise in Eastern Europe suggests that such activity has grown since 1983. But the Wharton study shows that any growth would be from a miniscule base.

Poland, which in recent years bas encouraged creation of small private companies with capital from emigre Poles, had the highest private share in its industry, as it does in agriculture.

The private sector in 1983 accounted for 3.1 per cent of total industrial output there. In East Germany the figure was 2 per cent, and Hungary 1.4 per cent. Private involvement in industry was negligible in Romania and Bulgaria, and zero in Czechoslovakia and the Soviet Union.

Private retail shops increased in number between 1980-83 by 50 per cent in Hungary and by 57 per cent in Poland, and private restaurants by 144 per cent and 24 per cent respectively.

Since they are so much smaller than state-run shops or restaurants, however, the private sector nuly accounted for 11.7 per cent of total retail turnover (including restaurants) in East Germany, 2 per cent in Poland and 1.5 per cent in Hungary. It was negligible or zero in the other four Soviet bloc countries.

Oslo music ban

At least six of Oslo's 30 local radio stations are boycotting music by foreign artists who have performed in South Africa from 1981 to 1984, AP reports.

Fabius plans TV statement on Greenpeace affair

BY DAVID HOUSEGO IN PARIS

THE FRENCH Prime Minister, M Laurent Fabius, is to go on television in a week's time to give the Government's view of the sinking of the Greenpeace boat, the Rainbow Warrior.

His broadcast will follow publication of the special report on the affair that the Government has commissioned from M Bernard Tricot, a senior official of the Elysee under General Charles de Gaulle. The report had been expected this week.

Anoouncement of this timetable has been accompanied by official attempts to dempen down speculation that M Charles Hernu, Defence Minister, will be force to resign. He told journalists this week that be had "never dreamt of resigning."

The Government's tactics are becoming increasingly clear. While strongly condemning the sinking of the boat, it is blaming the secret service rather than ministers. It remeins to be seen whether the senior echelons of the foreign intelligence service (the Direction Générale de Sécurité Extérieure) will accept this.


Fabius: official view

Admiral Pierre Lacoste, the beed of the DGSE, is described by those who koow him as a career soldier unlikely to bave euthorised a sensitive operation without seeking political approval. He is also said to be a man likely to resist unjustified attecks on bis organisation.

The key question, therefore, is whether M Tricot's report will absolve the Government of responsibility. The assumption is that only an edited version of the report will be published so es to conceal names and commend structures in the DGSE.

Mme Georgina Dufoix, the government spokeswoman, yesterday dissociated the Government from the sinking, saying tbet "to sink a ship does not seem to me a good solution, whoever did it."

Swiss current account rise

BY JOHN WICKS IN ZURICH

SWITZERLAND'S CURRENT account surplus reached a record SwFr 8.9bn (£2.8bn) last year. The previous highest level was SwFr 8.42bn in 1976. Both income from abroad and foreign expenditures passed SwFr 100bn for the first time, reflecting the overall improvement in business conditions.

The Government bad estimated the surplus earlier this year at only SwFr 7.8bn. Given the generally good economic situation, it seems likely that the official estimate of a SwFr 7.3bn surplus for this year will also be surpassed.

Last year's result was attained in spite nf a 14 per cent rise in the merchandise trade deficit to SwFr 8.37bn, the second largest on record. This was more than compensated for by invisibles, with a surplus of SwFr 8.3bn from services and SwFr 11.6bn from capital movements and labour. The biggest single items here were net capital income of SwFr 14.5bn and net income from tourism of SwFr 3bn.

Bridget Bloom reports on one of Europe's sorriest examples of arms collaboration

Howitzer project rumbles toward completion

ONE OF the sorriest exercises in European arms collaboration might at last be drawing to a conclusion—with some hope of success.

Earlier this month, a West German company, Rheinmetal Wegmann finalised proposals for the development, production and, critically, the management of a project which has involved tha British, West German and Italian governments in trying to produce a new self-propelled howitzer.

The bowitzer was conceived in the 1960s for probable deployment in the 1970s. If the proposals are accepted by the three governments, the weapon will have some chance of coming into service in 1990.

The development of the howitzer—dubbed the SP 70—has already cost more than £200m (at last September's prices) and seems certain to top £300m before it is complete. This is at least double the spending on its companion weapon, a simpler and much more successful towed howitzer (field bowitzer FH 70) which took only 10 years to prodnce and is now in service with the three national armies.

Each of the probabla ordars of around 700 SP 70s is likely to cost more than £1m, so major investments are at stake.

It is widely considered to be the worst exampla of inter-European arms collaboration.

Delays which bave dogged the SP 70 are a combination of all those problems often considered endemic to such joint projects, ranging from over-ambitious specifications, to the inability of development engineers to anticipate technical problems.

Management problems in particular have bedevilled the project and the division of work between the three partners has been imperfectly co-ordinated and inefficiently run.

The SP 70 is intended to be a key element in Nato's battlefield armoury. Its aim is to increase Nato's artillery range and firepower to a point wbere it begins to redress the balance between Nato and the Warsaw Pact's preponderance of tanks, armoured vehicles and fighting men.

The SP 70's attributes were to be increased mobility and firepower. Nato tacticians envisage prolonged artillery and tanks battles in the immediate aftermath of the outbreak of war in central Europe.

Given the disparity in strengths, it was decided that the SP 70 had to be capable of a sustained rate of fire far in excess of anything seen before —about 500 rounds of 100 lb-120 lb ammunition in a 24-bour day — and also be capable of firing in bursts at a rate of three shells every 10 seconds.

(The gun which the FH 70 replaced in 1978 did well if it achieved four rounds a minute.)

The SP 70, with its tracked armonred vehicle, looks more lika a tank. It is bigger and more complex than the FH 70, and the process of dividing up the work between tha three nations was long and tense.

West Germany, which wants about 400 weapons, took the chassis, bull, loading, electric and hydraulic systems; the UK (needing ebout 200 systems) took the turret, magazine, ammunition handling and gun-sighting systems; and Italy's work (ordering some 70 systems) included the auxiliary power unit and the combined balancing and elevating system for the gun.

Rheinmetal was formally appointed co-ordinator, but not prime contractor, for the system.

Tha main difficulty with this division of work bas been that responsibility for the SP 70 ammunitiou handling system is split between tha three countries.

The central problem today is that while mechanically the SP 70 can achieve the burst rates of fire specified for it, it is unable to do so for any length of time. So it cannot demonstrate tha reliability of firing which is at the top of the three armies' operational requirements for the weapon.

At least twice in the last few years, the three armies have looked again at their specifications for the SP 70 and decided that they cannot be changed.

British officials say it should be possible to get the system firing reliably in about 18 months. Bnt many believe the project stands littla chance of success unless its management structure is changed.

The problem here appears to be lack of co-ordination, particularly on the integration of the turret and ammunition handling systems. Bonn in particular is believed to feel that contracts have not been drawn tightly enough, while West German officials are apparently unhappy at tha way Britain has chosen to carry out its part of the project.

At the time the project was set np, Britain was operating its so-called preferred source policy for defence procurement and Research and Development eppointed the Royal Armaments Establishment (Rarde) as the design authority with the Royal Ordnance Foctory as manufacturer.

In retrospect, UK officials acknowledge that this put Rarde in a difficult position, since it was at once in charge of SP 70 development and responsible for advising the Government on how well (or badly) that development was going.

The officials admit it probably would have been better to have followed the FH 70 example which involved Vickers, the armoured vehicla manufacturers, on a purely commercial basis. They hope that the planned privatisation of the ROF, which has taken over the Rarde design and development role on SP 70, will make things smoother.

There are suggestions that Bonn, in the wake of the Rheinmeta proposals, will insist that the German company should be appointed prime contractor for the project, something agreed in principle by Britain last January. But the proposals are also likely to recommend chenges in the workshares, as well as measures for controlling costs.

More controversially, they may also recommend that the specifications fnr the SP 70 performance be lowered.

It is pointed out for example that the reliability being asked for is bigher than that specified either for the German Leopard 2 or the new British Challenger tank.

There are soma who believe that even now the SP 70 should be abandoned. A number of rivals to the SP 70, albeit simpler, are already appearing on the market from, among others, Oto Melara, the Italian company involved with the SP 70, and Vickers.

Cancellation would seem politically unlikely with the high priority being given by the three countries to defence equipment collaboration.

All agree, however, that for the SP 70 to be successful a heavy dose of political will as well as technical and managerial changes will be necessary.

AMERICAN NEWS

Black anger over 'Back Botha' call by U.S. clergyman

BY REGINALD DALE, U.S. EDITOR, IN WASHINGTON

THE SOUTH AFRICAN Government has acquired a powerful but controversial new American ally, whose intervention has already further inflamed the passions aroused by the apartheid debate in the U.S..

The Rev Jerry Falwell, 52, leader of the right-wing Moral Majority movement, caused an outcry among black leaders yesterday by describing Bishop Desmond Tutu as o "phony" and promising a nationwide "reverse sanctions" campaign to shore up U.S. investment in South Africa.

Mr Falwell, who returned from a five-day trip to South Africa on Tuesday, said that President P. W. Botha was committed to ending apartheid and was regarded as the only hope by black leaders. South African blacks had told him that Bishop Tutu was not their spokesman and he had "yet to find one person – poor, wealthy, black, coloured – who did not plead with the American people not to disinvest and not to impose sanctions."

Moral Majority will now spend at least $1m on a two-week campaign against sanctions, using 100 Christian television stations across the nation, Mr Falwell says. He plans to mobilise millions of his followers to buy South African Krugerrands and remove their investments from companies that have pulled out of South Africa.

Rev Jerry Falwell

Black leaders yesterday denounced Mr Falwell as a "racist demagogue" and o "reincarnation of the old George Wallace," the segregationist southern leader of the 1960s. "Segregationists always manage to find some blacks who will say what they want," said the Rev Joseph Lowery, president of the Southern Christian Leadership Conference.

Mr Falwell admits that he was once a segregationist, but says that he was led away from it by the Holy Spirit and now opposes apartheid.

Ontario party chief quits

BY BERNARD SIMON IN ONTARIO

THE STEEP decline of Ontario's once-powerful conservative dynasty has taken a new turn with tho abrupt resignation of Mr Frank Millar as leader of tho province's Progressive Conservative Party.

Mr Miller, chosen as leader only six months ago, led the party to a humiliating electoral defeat last May after 42 years in office.

The Conservatives failed to win enough seats in the election to form a majority government and were turned out of office by an alliance between the Liberal Party and the left-wing New Democratic Party.

Announcing his resignation, Mr Miller said he had the impression he could not unite the party. Certainly ono former resort operator and car salesman was unable to recreate the quiot self-assurance of his popular predecessor Mr William Davis.

Polls indicato the popularity of tho Liberal Party, led by Mr David Peterson (the provincial premicr), has risen recently to the point where it would probably win an outright majority in fresh elections.

The Conservatives are likely to hold a convention beforo November to choose a successor to Mr Miller. Present frontrunners includo two of his rivals in the leadership race oarlier this year—Mr Larry Grossman, the former provincial treasurer, and Mr Dennis Timbrell, former agriculture minister.

Nicaragua to press war claims against U.S.

By Tim Coone in Managua

NICARAGUA is to press ahead with its litigation against the U.S. in the international Court of the Hague, according to Sr Daniel Ortega, the Nicaraguan President.

Detailed hearings are to be held between September 12 and 20, and President Ortega said on Tuesday that Nicaragua is establishing a claims commission, to which any Nicaraguans who have suffered human or material losses as o result of actions carried out by the U.S.-backed guerrillas in the country can present a claim for compensation from the U.S. Government.

Nicaragua began litigation against the U.S. in the World Court in April 1984, after the mining of Nicaragua's ports by the CIA. The U.S. subsequently refused to recognise for two years the court's jurisdiction in relation to Central America.

President Ortega criticised the U.S. position saying: "The United States has a great opportunity to demonstrate in the court that it does not have any responsibility for the terrorist actions against Nicaragua, and that on the contrary, we the Nicaraguans are the terrorists as they keep telling us."

He said Nicaragua was hoping for a favourable judgment from the court which would instruct the U.S. to end the guerrilla war it has been financing in Nicaragua and to compensate its victims. He added that he was confident that a future U.S. Administration would accept the Court's ruling and that compensation would be paid.

Estimates vary considerably of the damage caused by the war, but direct and indirect costs probably amount to more than $600m. Some 250,000 people have been displaced, about 8 per cent of the population, and over 12,000 people have been killed since the war began in late 1981.

Long-term costs to the economy, due to paralysed investments and diversion of over 50 per cent of the central Government'o budget to defence, are virtually incalculable.

Meanwhile, Nicaragua's National Assembly has approved the prolongation of an amnesty for the right wing guerrillas, until July 19 1986. The amnesty was first introduced in December 1983

Some researchers claim the SDI is technologically unsound, writes **Peter Marsh**

Scientists divided over value of Star Wars

THE ISSUE of whether to participate in President Ronald Reagan's Strategic Defence Initiative, Star Wars, is dividing university scientists in the U.S. and other Western countries, a group of people widely believed to be vital to the project's success of failure.

Some ocademic researchers claim that the Pentagon's $26bn (£18.8bn) programme is technologically and politically unsound and should be shunned, but others are attracted either by the technical challenges of the project or the large sums of cash it will offer.

The arguments particularly concern scientists in computing, which is perhaps the key area in Star Wars research.

An operational system to defend the U.S. from Soviet missiles would require ultra-fast computers that, with reasoning powers approaching those of humans, would control the sensors needed to track the missiles and the weapons such as rockets or laser beams to shoot them down.

The computers, to do their jobs effectively, might have to deal with millions of instructions about, say, 1,000 Soviet missiles within 10 minutes of the projectiles leaving their launch pads.

The task sounds difficult, somo say impossible. This is the view of Professor David Parnas, a leading American computer researcher, who recently resigned from a panel advising the Pentagon on Star Wars after claiming that such computers could never be built.

Prof Parnas, who works at tho University of Victoria in Canada, says in particular that tho complex instructions (softwaro) for a Star Wars computer would be almost certain to contain errors and so make the system unworkable.

One French scientist weighing up the question of participation in Star Wars research is Professor Patrick Meyrueis of Strasbourg's Louis Pasteur University. He is a leading expert in opto-electronics (or photonics).

M Meyrueis has been in contact with Dr John Caulfield of tho University of Alabama, in Huntsville. Dr Caulfield is director of a research programme studying the application of optical signal processing for high-speed computing schemes.

Although Professor Meyruies says this does not add up to an official approach, he adds: "You can have contacts through organisations that could be construed as the beginnings of an approach."

M Meyrueis is regarded as a pace-setter in forging research links with industry. His team has about $2.4m (£1.4m) in contracts concerning various applications of lasers. He has also carried out contracts with Aerospatiale for holographic testing of military equipment and has recently agreed to work with the French aeronautic research agency Onera on processing data from radars. He also has other defence realted work in robotic vision.

The professor, who has dono consulting work for tha U.S. Defence Departmeot since 1972, says he resigned from the panel only after several weeks of wrestling with the technical arguments concerning the research. This convinced him that "the programme is full of sloppy reasoning and opportunism."

Others in the computing community agree with his views, says Prof Parnas, but go along with the research hecausa of the grants that aro available or because they are tied to defence contracts and are not free to speak out.

"I quit because this seems to ma fraudulent," he says.

Prof Parnas's action has endeared him to some sections of the U.S. research community. A petition organised by the highly-respected physics department at the University of Illinois states that the Star Wars programme is "technically dubious and politically unwiso" and could make the whole process of arms cootrol more difficult.

Several hundred scientists, from leading institutions such as Stanford University, the University of California et Berkeley and Cornell University have signed tho petition. They have undertaken not to apply for or aceept money from the Star Wars project and to lobby Congress to modify the programme.

Prof Wolfgang Pandfsky, the ex-director of the Stanford Linear Accelerator Center in California (a leading centre for particle physics), is not against research into defensive systems but thinks that the Star Wars programme's "emphasis on demonstrations of technology and early results" is dangerous.

"I am opposed to the false hope thet the current balance of terror may be relieved hy defence. I don't like to see statements of policy preceding tho technical results."

The organisers of an international software conference in London next week, to be attended by 1,000 people from 35 countries, are organising a special debate on the computer aspects of Star Wars.

Prof Parnas will argue at this gathering that the computer problems are intractable, but Prof Fred Brooks of tha University of North Carolina, who was formorly a key worker in software dovelopments at IBM, will put tho opposite view.

His arguments are supported by other U.S. computer researchers who point out that the technical advances needed for Star Wars may not be so great as people believe. "We are not going to say it's impossible from the start," says Dr Danny Cohen, from the Information Sciences Institute at the University of Southern California.

Dr Cohen, chairman of the Star Wars computing panel from which Prof Parnas resigned, odds: "Wo are not sure of anything right now but wa aim to gain some insights into the problem over the next five years."

Dr James Ionson, director of the innovative science and technology office of tha Pentagon's SDI Organisation, tho body masterminding tha Star Wars programme, says he has been taken aback at interest the programme has genarated in the scientific community.

Dr Ionson's office is dealing with 2,700 requests for funds from universities and small businesses for the $100m that it has available for tha year beginning this October.

Tho cash allotted to Dr Ionson represents only obout 4 per cent of the total the SDI Organisation will spend next year. Most of it will go to big aerospace and defence companies working on technologies that are relatively tried-and-tested. But Dr Ionson thinks the work funded by his division is "fundamentally important to tho whole programme."

Dr Ionson says that of the 2,700 requests for funds, about 10 per cent are "outstanding proposals." He hopes to fund roughly 1 in 3 of the applications—not just in computing but in areas such as new materials, space structures, power engineering, laser beams and rocket fuels.

He is particularly keen to involve in the research British computing academics who are among the world leaders in areas such as software engineering and "intelligent" computers. Workers from other parts of Europe have also been contacted.

At least one aminent British computing professor is already doing consulting work on the Star Wars programme on behalf of a U.S. defence contractor. Others, however, are among a group of about 100 computing academics who recently signed a lotter to Mr George Bush, the U.S. vice-president, urging him to reconsider Star Wars.

In between the opinions of the doubters and the gung-ho anthusiasts are the somewhat laid-back views of Prof Marvin Minsky, a doyen of work in intelligent computers who is at the Massachusetts Institute of Technology.

"The spin-offs from Star Wars could hasten the development of space travel, for example make possible space colonies. Perhaps we ought to go along with Star Wars because the world may turn conservative and we may never get the chance again.

"From a long range point of view, these issues are far more important whether the world is communist or capital'st," says Prof Minsky.

Shuttle to put first space factory in orbit by 1990

BY PETER MARSH

THE WORLD'S first space factory should be in orbit by the end of tho decade as a result of an agreement between the U.S. National Aeronautics and Space Adiministration and Space Industries, a company in Houston, Texas.

Spaces Services, whose president and founder is Dr Max Faget, an eminent Nasa engineer who designed the Mercury capsules used in the early U.S. space shots, will launch on space shuttle flights in 1989 and 1990 two large canisters for processing drugs and other materials in low gravity.

The 20 ft-long canisters will each have a capacity of 2,500 cu ft, similar to that of a large living room. Space Industries, which says tha venture will cost £250m to £500m, plans to rent out the units to companies interested in producing materials such as high-purity pharmaceuticals or defect-free crystals for semi-conductors.

Dr Joseph Allen, Space Industries' vice-president, said yesterday that McDonnell Douglas, Lockheed, 3M and Microgravity Research Associates, a small enterprise interested in making semiconductors in space, were among the companies which might take accommodation in the units.

Brown and Root, the Houston-based construction company, is one of Space Industries' financial backers. Dr Allen, an ex-Nasa astronaut who last year helped in the rescue of two ailing satellites 300 miles above tha earth, said Space Industries plans to raise the cash for its venture from a mixture of sources, inclnding existing companies and private individuals.

Most of the finance will be required when construction of the factory modules starts in about 18 months. The nine-person Houston company has still to finish design studies on the units, which will be unmanned and left to operate automatically in orbit for up to six months at a time.

Astronauts on shuttle flights will visit the orbiting factories periodically, to do repairs and take away materials.

Nasa will not require Space Industries to pay in advance for the launch of the two space modules.

Instead, it will sign a royalty agreement under which it takes 12 per cent of Space Industries' revenues from renting out its hardware.

WORLD TRADE NEWS

Lagos plans $100m notes issue for trade debts

By Patti Waldmeir

NIGERIA is planoing to issue some $100m (£71m) in promissory notes next month as part of the protracted rescheduling of several hillion dollars of its overdue trado debts, according to bankers.

This will bring to about $900m the total amount of six-year promissory notes issued to cover overdue unlnsured trado debts since Nigeria egroed last yoar to reschedule such arrears which had accumulatod primarily in 1982-83.

The largest issue so far waa in June this year, when $479m in notes was brought out.

Some $292m in insured trade claims have also been approved by tha Central Bank of Nigoria but a stalemate between Nigeria aod western export credit agencies on terms of rescheduling insured debts has meant no notes have been issued.

Nigeria's timetable for issuing notes on uninsured dobts has slipped back repeatedly.

Bankers hope that a further $1.3bn in claims now beld up awaiting Central Bank approval, can be issued by tho end of the year. This dolay was because of confusion over whether or not tha shipments involved required inspection approval from SGS, Nigeria's formar agents for pre-shipment inspection.

But they nota that difficulties remain in matching exporters' and importers' documentation in order to verify for repayment a substantial portion of the estimated $5bn-$7bn total of legitimate insured and nninsured debts.

Exporters are now being contacted to provide further evidence of these unsettled claims.

The bankers said that despite a worsening foreign exchange crisis in Nigeria. Tha government appeared to be committed to proceeding with the issue of notes, at however slow a pace.

● Civil works at Nigeria's N5bn (£4.03bn) Ajaokuta steel project, the largest in black Africa, are expectod to resume soon following o two-year stoppage by Fougerolle and Dumez of France.

Resumption will follow an agreement between the two companies and the Nigerian Government involving an increaso in the price of tho civil works contract.

David Dodwell examines the controversy which is grounding a fledgling Hong Kong airline's plans

Lift-off problems fail to douse Dragonair's fire

DRAGONAIR, the fledgling Hong Kong airline controlled by influential mainland and Hong Kong Chinese business interests, had expected its single Boeing 737 by now to be shuttling busily between Hong Kong and China's two main citios, Peking and Shanghai.

Instead, tha group finds itself at tha centre of heated controversy, whilo its 120-passenger aircraft remains grounded except for a weekly round trip to Kota Kinabalu in Sabah, Malaysia.

It is still smarting from tho Hong Kong Civil Aviation Department's decision at tho weekend to refuse its application to operato charter flights twice daily to Peking and once a day to Shanghai for six wooks from September 1.

The Deportment's ruling drew accusations of government bias in favour of Cathay Pacific, which has in recant years como to bo seen as Hong Kong's de facto flag carrier.

Mr Steve Miller, Dragonair's maoaging director, called the ruling "an unmasked offort to stifle tha growth of Dragonair." Cathay only last week began operating an additional weekly charter flight to Peking, taking its weekly total to three.

The application has put the Hong Kong Government in a particularly difficult predicament since the controversy has erupted less than two weeks ahoad of long-awaited talks between China and Britain on a new air sorvices agreement, which will includo discussion of scheduled flights between Hong Kong and China.

Dragonair materialised as an airline with remarkable speed. Until March this year it was nothing but a glimmer in the ayo of a handful of Hong Kong Chinese businessmon. Since being incorporated, with a share capital of HK$500m (£46.3m), and backing from the Bank of China and an array of Hong Kong's most powerful business figures, it has recruited a staff of 40, including trained cabin crew and eight pilots.

It has managed to get its air operators' certificate, has leased one aircraft, with detailed plans laid for acquisition of a second, and has begun charter flights to Sabah.

It is in large part the speed of its emergence, and the scale of its ambition, that has so discomfited the Hong Kong Government.

One official said: "Chartered services are supposed to fill in the gaps. But this airline put in an opplication for major services between Hong Kong and Poking that in any parlance amount not to a chartored but a scheduled service."

The Government's dilemma has been compoundod hy informal assurances given in the past to Cathay Pacific that tho airline would receive Government support in its long-standing applications for the right to operate scheduled and chartered services between Hong Kong and Peking.

Cathay Pacific bopes that the chartered services it now operates to Peking will be converted into scheduled ones, and that designation to operato the route will bo transferred to it from British Airways, which has operated one flight o week between Hoog Kong and Peking since the current air services agreement took effect late in 1979.

Dragonair's application for more than twice as many charter flights to Peking as there are scheduled and charter flights operated by British Airways and Cathay together was, in the Government's view "likely to confuse the situation."

One senior official, aware of how politically sensitive all negotiations over air services are, commented: "To throw in at this stage a new airline with no track record and one operating aircraft could be prejudical to the talks."

With its formidable financial and political backing, there is no sign that Dragonair's future is under immediate threat, but as an infant in a notoriously cut-throat industry it is learning fast that it will have to live up to its name to survive.

Mr Michael Miles, the Cathay Pacific chairman, is unabashed about the Government support it has received: "If you didn't have Government suport, then major investments, and the future of 8,000 staff — most of them in Hoog Kong — would be in jeopardy. We couldn't take major investment risks without some commitments from the Goverment.

"Tha Goverment have said they will suport us, but they have never said they will support us exclusively, nor that they would make it difficult for any other airline to start operations."

Ironically, the main casualty if Dragonair were to win the right to fly between Hong Kong and Peking would not be Cathay Pacific but CAAC, China'a notoriously inefficient national airline.

There are clear indications that CAAC would not welcome fresh competition from Dragonair, despite the strong backing tho new airline unquestionably has at very high levels in tho Chinese Goverment.

Dragonair is licking other wounds. Its application to Hong Kong's Air Transport Licencing Authority for licences to operate eight scheduled routes insldo China has drawn objections from Cathay Pacific, and another newly-emerged Hong-Kong based airline company, Caledonian Far East, recently set up by British Caledonian.

As a result, its application must go to an expensive public hearing, and is unlikely to be heard until at least the end of September.

Even if these licences are awarded (all that needs to be established is a passenger need), Dragonair must then qualify for designation to fly the routes. For this, it must not only be incorporated in Hong Kong and have its principal place of business there, hnt must be owned and controlled by British nationals.

Dragonair, however, is owned and controlled by Chinese nationals living olther on the mainland or in Macao and Hong Kong, so would at present be barred from operating scheduled routes into China.

Not suprisingly, as tho only alternative to a difficult and politically unpalatable restructuring of the ownership of tho airline, Dragonair last week oppealed to Sir Edward Youde, Hong Kong's Governor, for tho designation issuo to be tabled in the imminent Peking talks.

Unless tho rules are altered, Dragonair's plans for scheduled flights into Chino are likely to be stillborn for tho foreseeable future.

There is no sign yet that the fire in Dragonair has been doused. With its formidabla financial and political backing this is unlikely to be o serious fear for some time. But as an infant in a notoriously cut-throat industry it is learning very fast that it will have to live up to its name to survive.

Swedes win SKr 350m pulp machine orders

By David Brown in Stockholm

SVENSKA CELLULOSA (SCA), the Swedish forest products group, has won three orders for pulp manufacturing equipment worth SKr 350m (£30.7m).

The lergest, worth SKr 120m, was placed hy KNP Papier of the Notherlands with SCA's Sunds Defibrator subsidiary. It involves e turnkey chemi-mechanical pulp facility for lightweight coated printing paper prodnction and is to he delivered in the autumn of 1986.

A further SKr 110m order was received from Champion International of the U.S. for two complete bleaching lines for the group's Pensacola, Florida pulp facility.

The equipment, to be delivered in late 1986, will havo a capacity of 1,400 tonnes a day.

The group also won an SKr 120m order from Domtar of Canada for a completa pulp facility for newsprint production.

Dole warns Taiwan on surplus

BY ROBERT KING IN TAIPEI

SENATOR Robert Dolo of tho U.S. yesterday brought the Taiwan Government face to face yet again with one of tha crucial problems between the two countries: a ballooning trade surplus in Taiwan's favour which last year reached nearly $10bn (£7.1bn).

Mr Dole, leeding a seven-member senatorial delegation in a three-day visit to the island, also spoke of rising protectionist sentiment in the U.S. Congress that could result in tough quotas and other sanctions against Taiwanese exports should Taiwan fail to deal firmly with the problem.

The U.S. has for years been Taiwan's largest export market, taking an ovorago of half of total export sales.

Sanctions and qnotas against Taiwanese goods could thus have a serious effect on Taiwan's economy which is already struggling with a major slowdown in exports and near-crisis financial conditions at many companies.

Projections earlier in the yoar put the 1985 trade surplus as high as $12bn but the surplus during the first seveo months ran slightly lower than during the same period last year.

The U.S. maintains that Taiwan has kept largely intact a system of tariff and non-tariff barriers to tho importation of U.S. goods.

It notes, for instance, that Taiwan still values goods for customs purposes on a cost-insurance-freight basis rather than on s freight-on-board basis, which helps make many Japanese goods more competitive than similar U.S. ones because of Japan's proximity to Taiwan.

Tho U.S. also complains about relatively high import duties on a wide range of goods. Taiwan has over tho past year-and-a-half begun cutting duty rates on more than 1,000 items.

Taiwan told the U.S. senators that it plans to send its "Buy American" mission to the U.S. this year with a "shopping list" worth $350m.

Such missions over the past seven years have purchased £7.4bn-worth of U.S. goods, according to Mr Vincent Siew, Foreign Trade Board director. Sceptics maintain however that these missions are largely for show and purchase only goods which Talwan had intended to buy anyway.

Othor observers claim that the annual surplus figures do not tell the whole story.

For instance, foreign trade figures do not include defence purchases, worth sbout $700m from the U.S. last year, nor do they include mooey paid for services such as management and engineering consultancies.

They also exclude current occount entries such as intorest on loans from abroad.

Never the less, this is likely to fail to sway the U.S. Congress which is undor increasing pressure from labour groups over tho alleged damage which imports are causing to U.S. industry.

New bid to appease U.S. companies on unitary tax

BY OUR SACRAMENTO CORRESPONDENT

FURTHER attempts bava been made to appease U.S. domestic companies critical of California's unitary tax Bill.

The Bill, which passed tho State Senate in May, would allow foreign multinational corporations to cheose between the existing system of calculating taxable profits on worldwide earnings, or basing taxation purely on a proportion of U.S. earnings — the so-called "water's edge" method.

The California assembly's revenue and tax committee this week, however, extended the provision to cover some of the largest domestie corporations which had expressed bitter opposition at not being able to select the method by which they were taxed.

The Bill now inclndes an amendment giving the "water's edge" option to U.S. corporations conducting more than 80 per cent of their business abroad.

A second amendment, claimed by committee members to be a means of reducing the state's 7.5 per cent unomployment rate, offers e tax credit of 67 cents in the dollar to companies reinvesting in California.

A coalition of more than 90 U.S. corporations, including Coca-Cola, IBM, and Hewlatt-Packard, has lobbied to block tha Bill which, they say, discriminates in favour of foreign companies at their expense.

The coalition's chairman, Mr Gordon Moore, chief executive of Intel, said he would need time to study the changes in detail. "If the 67 per cent credit effectively gets rid of two-thirds of the tax, that may help a lot," he added.

a senior state official is expressing confidence that the Bill, which has to pass one more assembly committee befora being ratified by the senate and the Governor, will be law by mid-September.

Import surge shocks industry in U.S.

By Nancy Dunne in Washington

THE U.S. economy has, since 1981, been undergoing "industrial import shock" with an impact "more pervasive than even the Opec oil price shocks of the 1970s," according to a report released by the House Committee on Energy and Commerce yesterday.

Mr John Dingell, chairman of tho committee's investigative sub-committee, said the report gives cause for "grave concern for the future economic well-being" of the U.S.

"Between this Administration'a misguided fiscal policies and its benign neglect of unfair foreign trade practices, American goods-prodncing industries in the 1980s have suffered cumulative damage without historical parallel."

The Democrats are gearing up to make trado a political issue in the 1986 Congressional elections, and the report lays the groundwork for an attack on Republican policies.

It links the overvalued dollar to the structural budget deficit, resulting from increased military spending and the first term Reagan bndget cuts.

The overvalned dollar "has priced U.S. industrial producers off their own markets, causing a rising proportion of demand to ho met by foreign supply," it says.

Good-producing industries hav borne the brunt of tho industrial import shock. But surprisingly, the healthy services industry has also lost ground, with imports absorbing more than 20 per cent of the growth of U.S. demand, the report says.

"The situation is almost certainly destined to worsen as tha overall services balance — until now positive, although only half as large now as in carly 1981—heads into actual deficit due to this nation's having become a net debtor in early 1985."

The most severely affected sector is capital goods. Between 1980 and 1984, tho real U.S. trado balance in capital goods plummetted from e record $19.3bn (£13.7bn) net export balanco to a $3.5bn deficit.

Even tho capital spending boom generated by business cuts has gone awry.

Congress must now remedy past failures to co-ordinate macro-economic policies with carefully fashioned industrial and trade policies, it says.

Companies 'slow to act' on race code

BY OUR INDUSTRIAL EDITOR

A NUMBER of "household name" companies and many local health authorities have begun "ethnic monitoring" to categorise their employees on racial grounds, according to research to be published by the Commission for Racial Equality (CRE).

They are also beginning to implement training and awareness programmes in an effort to redress the lack of workers from ethnic minorities, especially in supervisory and managerial grades.

The research shows, however, that many companies have done nothing to implement the CRE's statutory code of practice on racial equality, nearly 18 months after it came into effect.

Dr Aaron Haynes, the CRE's employment division director, said yesterday that "there has been a marked shift in the general attitude" since the publication of the code. He praised the "top household names who have swung into action" – but warned that little was being done by professional bodies.

The code, issued by Mr Tom King, the Employment secretary, makes a series of recommendations based on the Race Relations Act which, if ignored, may result in a breach of the law.

It recommends adoption of equal opportunity codes and practices, ethnic monitoring and positive action in recruitment, training and promotion in favour of racial minorities.

The CRE's research says that "our inquiries indicate that many companies, of all sizes, industries and locations have done nothing to implement the code's recommendations, or are only vaguely aware of its existence. Where detailed policies have been drawn up, they may be nothing more than paper exercises."

The report says that a number of local and health authorities, especially in inner London, have adapted many of the code's recommendations – but that "it is a cause for concern ... that even in this relatively advanced sphere, the number of authorities which have adopted vigorous measures for assessing the effectiveness of policies by the collection and analysis of ethnic records of the workforce is still a minority."

Dr Haynes said thet the structure of the professions often militated against the monitoring approach, since the companies were often composed of a few professionals with no prospect for promotion from lower levels.

In these cases, he said, intervention was required in the education and training systems to ensure that ethnic minority groups secured places.

In large companies, he said, the problem was rarely one of crude and observable discrimination, but rather of networks of family, friendship and education which "subtly" discriminated against blacks and other groups.

Among the companies commended for their adoption of the code's recommendations are Midland and Barclays Banks, Halifax Building Society, ICI, W. H. Smith, Smiths Industries, Safeways and British Petroleum.

Case pressed for full EMS membership

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

THE CHORUS of those who have been urging the Government to make Britain a full member of the European Monetary System (EMS) has been swelling to fortissimo, but without any answering note from ministers.

Mrs Margaret Thatcher's ears are said to be still jangling from the disharmonies of the European summit in Milan in June, so that there is no positive political enthusiasm for closer integration just at the moment, whatever the economic case. Moreover, many of the arguments put forward by advocates of Britain's full participation in the EMS are backward looking, so inevitably rather unpalatable to the Government.

The independent National Institute of Economic and Social Research, for example, said in its latest review on Tuesday that it believed a policy of pegging the exchange rate within the EMS would have produced greater financial stability in recent years than the Government's preferred solution of focusing on monetary targets within a medium-term financial strategy.

This is tantamount to saying that ministers have made repeated mistakes in their periodic reviews of the subject. It also suggests that the Government made the wrong decisin during February's sterling crisis when very serious consideration was given to the idea of joining the EMS's exchange rate mechanism (ERM).

The arguments then were finely balanced. Sterling was at a highly competitive rate of about DM 3.6 against the West German currency, some 7 per cent below the current rate. A general uncertainty about the Government's determination to pursue monetary discipline had infected the foreign exchange markets, partly because the targeting of the money supply was beginning to lose all credibility.

A firm commitment to an alternative exchange rate policy could then have been very attractive and there was no lack of advocates in Whitehall and, particularly, in the Bank of England.

Since then the steep rise of sterling has alarmed industrialists, persuading the Confederation of British Industry to come out in favour of full EMS membership and leading to a renewed interest among economists.

Contrary to popular belief, Britain is a member of the EMS even though the pound has not been part of it. Sir Geoffrey Howe, when he was Chancellor of the Exchequer, took the chair at realignment meetings. As a result the UK has taken a full part in designing the exchange rate mechanism (ERM).

The ERM defines central rates in terms of the European currency unit for each currency. None may diverge by more than 2¼ per cent from this rate (6 per cent for the lira). Governments are committed to take action by intervention, changing interest rates or by other means when a currency bumps against the limit. If the strain becomes intolerable, it can ask for a realignment.

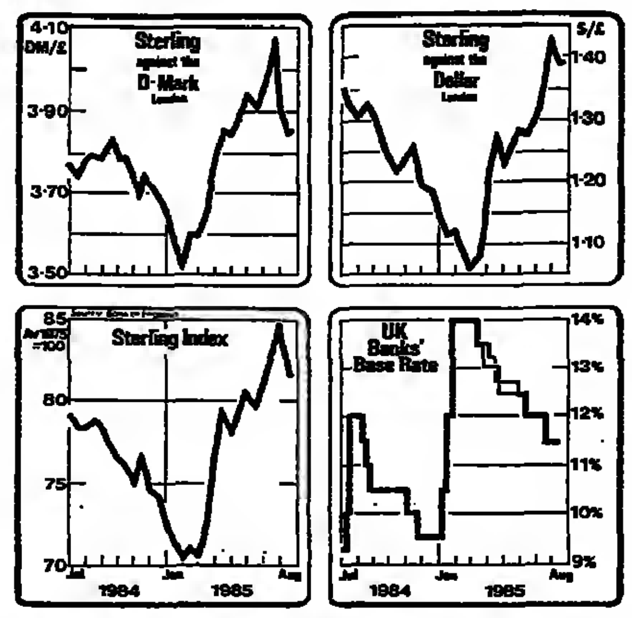
One of the stronger arguments in favour of the UK joining this system is thet the eight currencies which participate in the exchange rate mechanism have enjoyed a period of impressive stability recently.

The sudden 8 per cent devaluation of the Italian lira on July 21 was the first realignment of parities for more than two years. It was accomplished with the minimum of fuss and without the weekend wrangling between ministers which accompanied the seven previous realignments since the system began operating in 1979.

It is argued that the EMS has come of age. A recent Bank of England study suggested that membership had reduced the volatility of exchange rates within the system, although it has made no difference to the overall stability of currencies, mainly because of the huge swings in the dollar.

A further argument put forward by the advocates of full membership is that wide differences of economic policy and performance among the European countries in the early days of the EMS have become much less. Differences in inflation rates and in monetary growth have been significantly reduced since 1980.

The most obvious example of this "convergence" was the sharp reversal of France's expansionary policies which accompanied its realignment in March 1983.



Against these views, the Government continues to argue that the pound can be vulnerable to major changes of sentiment on the foreign exchanges when oil prices are moving rapidly. This, it is said could make it very difficult to keep within a narrow band against European currencies.

The second, related argument is that Sterling and the D-Mark, as two major internationally traded currencies, might find it difficult together within the constraints of the system.

This argument has particular force while the dollar is moving in an unpredictable switchback. However, those who thought thet speculators would automatically move from the dollar into the D-Mark have not proved correct. High sterling interest rates have put the pound in greater favour since February.

Way clear for United newspaper bid fight

By Sue Cameron

THE GOVERNMENT has given formal consent to the proposed takeover of Fleet Holdings – publishers of the Daily and Sunday Express – by United Newspapers. The move follows the publication yesterday of a report by the Mooopolies and Mergers Commission which says the transfer of Fleet's newspaper to United would not seem to be against the public interest.

United announced its plans for a merger with Fleet in March but has not yet said how much it will offer for the group. Fleet, which has a 31 per cent stake in TV-am, the breakfast channel and a share of Reuters press agency, said again that it would fight a United takeover.

The group, which had a pre-tax profit in the year to June 30 1984 of £22.08m on a turnover of £324.5m – double those of the previous year – commented that it was "disappointed" with the Monopolies report and added that it would defend itself

United, which had pre-tax profits of £18.7m last year, said it would announce its intention on a bid for Fleet "shortly." The group, which already has a Fleet stake of more than 20 per cent, has been expanding fast over the last three years.

Lex, Page 14

Liffe sets out scope of new 'short gilt' contract

BY ALEXANDER NICOLL

THE LONDON International Financial Futures Exchange (Liffe) yesterday published details of its new UK Government bond futures contract, expected to become an important hedging instrument for players in the restructured market for gilts (Government stocks).

The new "short gilt" contract, due to start trading September 10, is designed to plug a gap between contracts already traded on Liffe, a three-month sterling interest rate contract and that based on gilts with 15 to 25 yeara torn to maturity.

Gilts with three to 4½ years to run will be deliverable under the new Contract.

The size of the contact has been set at £100,000, twice that of the long gilts contract but the "tick" or minimum price movement has been set at one sixty-fourth of a percentage point, compared with one tirty-second. This means that the minimum price movement on each £100,000 short gilt contract or £50,000 long gilt contract will be £15,625.

Mr Michael Jenkins, Liffe chief executive, explained that the contract size was higher because the underlying cash market in short-term gilts is less volatile than that in longer-term paper. A bigger size wold enhance price volatility and thus make for a more successful futures contract.

The greater stability of the short-term bond market is generally expected to give the short gilts future limited appeal in its early stages. Holders of shorter gilts have less need to hedge against unexpected price movements, and speculative interest in the futures market is likely to be restricted by the smaller potential price movements.

Furthermore, building societies, who are among the largest holders of short-term gilts, are forbidden to trade futures until their powers are altered through legislation expected to come into effect at the end of next year.

Nevertheless, the addition of a hedging instrument in the mid-range of the UK interest rate yield curve will be welcomed by participants in the gilts market. Until now, the market has been dominated by only two stockjobbing firms. But after the "Big Bang" next year, 29 market makers will be jostling for position.

The increased trading volume and exposure of these firms is expected to drive them to cover their positions in the futures market. Mr Jenkins said that amid an increase in gilts market turnover, the futures contracts would be attractive to market-makers and increase their flexibility.

BASE LENDING RATES

A.B.N. Bank	11½%	Heritable & Gen. Trust	11½%
Allied Dunbar & Co.	11½%	■ Hill Samuel	§11½%
Allied Irish Bank	11½%	C. Hoare & Co.	11½%
American Express Bk.	11½%	Hongkong & Shanghai	11½%
Henry Ansbacher	11½%	Johnson Matthey Bkrs.	11½%
Amro Bank	11½%	Knowsley & Co. Ltd.	12 %
Associates Cap. Corp.	12 %	Lloyds Bank	11½%
Banco de Bilbao	11½%	Edward Manson & Co.	12½%
Bank Hapoalim	11½%	Meghraj & Sons Ltd.	11½%
BCCI	11½%	Midland Bank	11½%
Bank of Ireland	11½%	■ Morgan Grenfell	11½%
Bank of Cyprus	11½%	Mount-Credit Corp. Ltd.	11½%
Bank of India	11½%	National Bk. of Kuwait	11½%
Bank of Scotland	11½%	National Girobank	11½%
Banque Belge Ltd.	11½%	National Westminster	11½%
Barclays Bank	11½%	Northern Bank Ltd.	11½%
Beneficial Trust Ltd.	12½%	Norwich Gen. Trust	11½%
Brit. Bank of Mid. East	11½%	People's Trust	12½%
■ Brown Shipley	11½%	PK Finans. Intl. (UK)	12 %
CL Bank Nederland	11½%	Provincial Trust Ltd.	12½%
Canada Permanent	11½%	R. Raphael & Sons	11½%
Cayzer Ltd.	11½%	Roxburghe Guarantee	12 %
Cedar Holdings	12 %	Royal Bank of Scotland	11½%
■ Charterhouse Japhet	11½%	Royal Trust Co. Canada	11½%
Choulartons**		■ J. Henry Schroder Wagg	11½%
Citibank NA	11½%	Standard Chartered	‖11½%
Citibank Savings	¶12½%	TCB	11½%
City Merchants Bank	11½%	Trustee Savings Bank	11½%
Clydesdale Bank	11½%	United Bank of Kuwait	11½%
C. E. Coates & Co. Ltd.	12 %	United Mizrahi Bank	11½%
Comm. Bk. N. East	11½%	Westpac Banking Corp.	11½%
Consolidated Credits	11½%	Whiteaway Laidlaw	12 %
Continental Trust Ltd.	11½%	Williams & Glyn's	11½%
Co-operative Bank	11½%	Yorkshire Bank	11½%
The Cyprus Popular Bk.	11½%		
Duncan Lawrie	11½%		
E. T. Trust	12 %		
Exeter Trust Ltd.	12 %		
First Nat. Fin. Corp.	13 %		
First Nat. Secs. Ltd.	13 %		
■ Robert Fleming & Co.	11½%		
Robert Fraser & Ptns.	12½%		
Grindlays Bank	‡11½%		
■ Guinness Mahon	11½%		
■ Hambros Bank	11½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 8.00%. 1 month 8.50%. Top Tier—£2,500+ at 3 monthly notice 11.25%. At call when £10,000+ remains deposited.
‡ Call deposits £1,000 and over 8% gross.
‖ 21-day deposits over £1,000 9.25%.
¶ Mortgage base rate.
** See Provincial Trust Ltd.
§ Demand deposits 8%.

UK NEWS

Ulster's banks meet run on cash

By Our Belfast Correspondent

BANKS in Northern Ireland yesterday dealt with a major run on cash as customers prepared to face the province's first bank strike since 1968.

The dispute is over pay and conditions and some observers believe that it could last for many weeks. Bank staffs have rejected a 4.5 per cent pay offer and the managements insist that any improvement must be tied to negotiations on extended opening hours at banks.

Long queues built up outside many of the 350 bank branches yesterday. In Belfast, particularly, there was an unprecedented demand while in some rural areas, branches temporarily ran out of notes and coins. The Civil Service, other public bodies and many companies paid their staff early this month so they could withdraw cash to see them through a stoppage.

Mr Rafton Pounder, Secretary of the Northern Ireland Bankers' Association said: "There is very heavy pressure—but we have enough cash in stock, coupled with a large amount in circulation, to meet the foreseeable demand."

Some customers have moved large sums from their banks to accounts in building societies, and other institutions unaffected by the dispute. The strike will hit the Ulster Bank, the Northern Bank, Allied Irish Banks and the Bank of Ireland.

It is due to begin on Tuesday, but because Monday is a bank holiday customers have only until the close of business on Friday to make their cash arrangements. Additional cash going into circulation is posing security problems. Because of the threat of terrorist raids the police have provided extra guards to protect cash movements between banks. They have also warned people against carrying excessive amounts in public places.

Many companies will use accounts in Great Britain, the Isle of Man or the Irish Republic to minimise the effects, but small companies say they could face serious cashflow problems.

Some companies have refused to accept cheques drawn on the four affected banks from yesterday because of the time taken to clear them.

Max Wilkinson reports on the Oxford economic forecast

Jobless total 'to peak at 3.12m'

ADULT UNEMPLOYMENT in the UK will rise to a peak of 3.12m next year and will decline only very slowly after that, remaining at over 3m by the end of 1987, the Oxford Economic Forecasting group said yesterday.

The forecast, in the second quarterly issue of the new Oxford Economic Policy Review, suggests that economic growth will slow to an annual rate of 1.9 per cent next year, compared with 3 per cent this year, with the inflation rate declining to about 4 per cent.

The Oxford group paints broadly the same picture as the National Institute of Economic and Social Research in its latest forecast, also published this week. The Oxford forecasters are slightly more optimistic than the institute about economic growth and rather less sanguine about inflation.

Concerning unemployment, Mr Derek Morris of Oriel College and Mr Peter Sinclair of Brasenose argue that the Government should choose from a much wider menu of policy options.

FORECAST FOR THE UK
(Annual percentage change unless otherwise specified)

	1984	1985	1986	1987
Real GDP*	2.7	3.1	1.9	1.8
Consumers' spending	1.6	2.1	3.8	2.5
Investment:				
Public	2.0	-12.0	2.9	6.5
Private	9.5	5.2	2.3	1.4
Exports of goods and services	6.6	7.3	1.2	2.3
Imports of goods and services	8.9	5.3	4.1	5.4
UK Unemployment ('000 narrow definition, end year)	3,099	3,121	3,070	3,055
Current account (£bn)	0.6	3.6	0.7	-3.9
Retail price index (average annual % increase)	5.0	6.2	4.3	5.6
PSBR (£bn financial years)	10.4	7.4	8.6	11.1
Short-term interest rate (3-month interbank rate)	10.1	11.0	9.5	8.5

* *Average estimate*

The main reason for this, they believe, is that there is little evidence that high unemployment will itself have much effect in moderating wage rises for those in work. This is because wage bargaining takes place almost entirely between employers and the "insiders" who have jobs—to the exclusion of the unemployed "outsiders."

They say: "On the face of it, this appears a pessimistic conclusion, suggesting that any recovery, whether spontaneous or induced by policy, carries a substantial risk of reviving wage pressures and inflation."

There is a more optimistic corollary that prolonged unemployment is not necessary and that the so-called "natural rate of unemployment" has not risen irreversibly.

The group sympathises with the Government's arguments that more needs to be done to free the workings of the markets and to stimulate activity through micro-economic means. But they believe efforts to make a permanent reduction in wage pressures should be considered at the same time. They say that the question of incomes policies "needs to be put back on the political agenda."

They accept that most of the methods for restraining incomes which have been suggested in recent years are subject to serious difficulties.

On the other hand, the group thinks that the inflationary dangers of a more expansionary policy would be mainly confined to the transitional period to a higher employment level. For this reason, they think the idea of incomes policies needs to be explored further.

Thatcher's design campaign wins prize

By Christopher Lorenz in Washington

TO THE ACCOMPANIMENT of all the hyperbolic razzmatazz usually reserved for Oscar winners, Mrs Margaret Thatcher's Government yesterday received a much-needed fillip from a most unlikely quarter—the world's top designers.

On the opening day of Worlddesign 85, a five-day congress in Washington for over 2,000 designers billed by its organisers as "the design event of the century," Mr John Butcher, UK Industry Under-Secretary, received an award for the Government's campaigning support of better design in industry and commerce.

The award was in the form of a titanium alloy disc, tinted to give a three-dimensional effect of the earth being viewed from space.

The award citation, from the International Council of Societies of Industrial Design specifically congratulated Mrs Thatcher for having initiated the Government's three-year-old campaign.

"No head of government in any other nation is known to have directly grappled with design policy in this way," it said.

The British initiative was having a "ripple effect," it added, in that it had "spurred several other governments to address the subject of design with equal seriousness."

Sensing the character of the occasion, the normally unassuming Mr Butcher accepted the award dressed in a stylish "mix and match" jacket and trousers designed for the day by a top British couturier, Mr Tom Gilbey.

So aware were the organisers and the UK Government of the publicity potential of the occasion that they staged a series of events worthy of a summit meeting between the White House and the Kremlin.

The presentation ceremony itself was preceded by two press conferences—one in Washington and one in London—and was followed by a late-night reception at the British embassy in the U.S. capital.

Mrs Thatcher contributed not only a videotaped statement to the congress, but also a letter which spoke in ringing tones of designers being "a major force for improvement in industrial and commercial performance, and in enhancing the quality of life."

In her video message, the Prime Minister reiterated the central message of her Government's campaign that "goods won't sell unless the design is right." She went on to show delegates a dozen of Britain's most successful products ranging from Jaguar cars to Dartington glass, and Dunlop tennis racquets to Zandra Rhodes and Jean Muir dresses.

In his acceptance speech, Mr Butcher said that despite the progress that had been made, the Government still had "a long way to go in increasing awareness of the national benefits which flow from design."

Among several new promotional initiatives, it is understood, will be a "design commitment conference" next January at which 70 leading British executives will debate the need for better design in industry and discuss what improvements their own companies can make.

The Government is particularly concerned that, despite its national "Design for Profit" advertising and seminar campaign in 1983, and the launch of a £20m scheme to subsidise industry's use of design consultancy, many companies are still not paying adequate attention to the design of their products.

Dunlop to rationalise hose plant

By Lynton McLain

DUNLOP is to rationalise its UK industrial hose manufacturing and marketing operations with the loss of 143 jobs out of a workforce of 484 people.

Most of the redundancies will be at the company's main industrial hose factory at Cramlington, Northumberland, where 119 people are to lose their jobs.

Ten people will lose their jobs at Dunlop's sales branch in Glasgow and 14 at Brierley Hill, Staffordshire. Both branches will close.

Dunlop is to keep the 50 staff at its other industrial hose factory at West Chirton, North Shields, in north-east England. The West Chirton factory also makes umbilical parts for sub-sea control lines used in North Sea oil and gas fields.

The redundancies were called for after an intensive review by Dunlop management. This showed that the prices it was able to get for its industrial hose products, especially in export markets, were "ridiculously low," Mr Ian Paterson, the managing director of the Dunlop Industrial Hose division, said yesterday.

The company's industrial hoses had been sold at a loss in some markets. For this reason, he said, the company had decided to reorganise its sales and distribution activities and to "cease selling industrial hose products at such low prices."

Mr Paterson said: "The aim is to sell products at a profit, even if this means losing market share. We will concentrate in future on selling in one or two markets." He did not name these markets.

"Europe is in the company's backyard and the U.S. has not been very profitable, but the company would not pull out of the U.S. altogether," he said.

Dunlop Industrial Hose division is to keep its 15 staff at its Hayes, Middlesex, sales and distribution branch and the 15 staff at its other branch at Heaton Mersey, Stockport, Cheshire.

Dunlop said the redundancies were not a result of the takeover of Dunlop Holdings by BTR, the industrial conglomerate, which was completed earlier this month.

Dunlop Holdings made a loss of £88m last year on a turnover of £1.5bn after making an operating profit of £71m before interest charges, tax and extraordinary items.

Investment management sector brushes up its credentials

Barry Riley, Financial Editor, continues the series of articles on self-regulation in the City of London

AN ATTEMPT is being made over the rest of August and September to get off the ground an entirely new self-regulatory organisation (SRO) for the investment management business.

At a meeting on August 7 a group of around 10 representatives of different interests within the sector agreed to try to put together a workable prospectus. They need to beat the end-September deadline laid down by the Securities and Investments Board, which will then have to make a preliminary decision on whether it thinks the new body could be a credible candidate for authorisation towards the end of 1986.

The new body—which carries the working title of Imro (Investment Management Regulatory Organisation)—will have to prove that it has a part to play. In this it differs from the three bodies which were mentioned in the Government's White Paper (policy document) on financial services, and were therefore effectively pre-selected. They were the stock exchange, the National Association of Securities Dealers and Investment Managers (Nasdim) and the Association of Futures Brokers and Dealers.

Mr Nicholas Baring, of Baring Brothers, the merchant bank who has been spearheading the promotion of the new body in its initial phase, argues that investment management is one of the most easily segregated activities in the financial services sector.

"You can achieve a degree of functional purity, and it is right to do so," he says. "If you go too far down the multifunctional route, you end up with the stock exchange and Nasdim covering a wide variety of businesses. I see no reason why we should not be able to reconcile the problems and put forward a case at the end of the day."

Imro's initial problem has been to overcome the impression that it is a creature of the accepting houses, the elite group of City of London merchant banks which have become very powerful forces in the investment management field.

According to a recent survey by the Bank of England, at the end of last year accepting houses managed approaching £80bn of clients' funds, about three quarters for UK residents.

The idea of a separate SRO for fund management was first mooted by the accepting houses several years ago at the time of the first Gower report on investor protection. The idea was put into cold storage but was reactivated earlier this summer with the setting up of a steering group cinsisting of Mr Baring, Mr Charles Nunneley of Robert Fleming, Mr Nicolas McAndrew of N.M. Rothschild and Mr Robin Hutton, director general of the Accepting Houses Committee.

It had always been clear that an SRO confined to accepting houses would not be broadly based enough to receive approval from the authorities. Accordingly the steering group successfully sought support from all sectors of the fund management industry, including pension funds, insurance companies, unit trust groups and investment trusts.

The steering group has now turned into a much broader working party, and Mr Baring will be stepping down as chairman in favour of an independent outsider who will not be a practitioner in the investment management field.

It is hoped that such an individual will be recruited within the next few weeks. Effectively, he will be chairman-designate of the new SRO. Other directors of the new body, both practitioners and laymen, will be chosen after the SIB approves the plans.

With the broadening of Imro, Mr Baring insists that it is no longer the child of the accepting houses. "We have made the transition from that to being a fund managers' co-operative," he says. "I hope we will have a blueprint which will stand up to examination by the end of September."

However, the other investment organisations may still need some persuading. "Our support is only for the working party" says the representative of one of them. "Nobody is committed any longer term than that."

In the next few weeks the working party will have to establish that the demand for Imro is indeed broadly based and does not rest largely upon a particular problem of the accepting houses, in that they are wrestling with several potentially large conflicts of interest.

A number of merchant banks are going into securities market-making and stockbroking, fields which are being opened by deregulation in the City. But the grouping of market makers and fund managers within the same ownership could lead to the risk of abuses. Some banks are recognising this by splitting off their investment management activities into separate premises and separate companies (though still under the same ultimate ownership). They are developing the concept of information-proof "Chinese Walls" between activities.

Nevertheless, they are already coming under attack in the market for new business from independent managers who emphasise the total lack of conflicts of interest. In the U.S. which is further down the road on which the UK securities markets are embarking, independent management firms have taken a very large share of the pension fund market, for example.

Accordingly the British merchant banks appear to be reluctant to agree that their investment management arms should be regulated by, for instance, the stock exchange, even though their securities trading businesses will be joining that body.

To move so completely within the stock exchange umbrella would be to emphasise the connection between these different activities at a time when the banks want to de-emphasise such common ownership.

Much the same arguments apply to a relationship with Nasdim, with the additional disadvantage that most of this body's members are small and of less than blue-chip status (though certain specialist subsidiaries of accepting houses such as Baring, Lazard and Schroder are already Nasdim members).

According to Mr Nicholas Baring: "It could be important to clients to demonstrate that we are separately regulated. We will want to show that conflicts of interest are being looked at in the most objective way possible."

Elsewhere in the City, however, there is scepticism about the prospects for Imro. In the next few weeks the working party will have to show that its broadened base can provide a solid foundation.

Dual labour market creates job flexibility

BY DAVID THOMAS, LABOUR STAFF

BRITISH companies are reorganising their workers in novel ways in order to increase the flexibility of their labour force, according to a detailed report to be published soon.

The report shows how companies are moving towards a "dual labour market"—a core of secure workers separated from a periphery of workers on temporary contracts, working part-time or employed by sub-contractors.

The study is based on extensive interviews with managers of 31 companies, half in manufacturing and the rest in services, including construction. It is written by John Atkinson of the Institute of Manpower Studies at Sussex University.

Examples from the case studies include:

● A West Midlands mechanical engineering company which has encouraged many of its skilled workers to set up independently as pipe-fitters, joiners and painters and then tender for their old work. "Some of our most militant and demarcation-minded stewards have become our most flexible contractors. They will do anything, at any hour," a manager said.

● An electronics company in South Wales employs about 230 "supplementals" on three and 10-month contracts to act as a buffer, protecting its 900 permanent employees. The supplementals have less attractive sick pay, holiday pay and pension arrangement and are given permanent jobs only when someone leaves the permanent core.

● A large insurance company based in north-west England has increased its part-time workers by a quarter in four years and has now begun to recruit clerical staff on three-month contracts. "You can call it our precautionary demand for labour," a manager said, "and it helps us to select suitable people to transfer to permanent status."

● A major British-based multinational in the food, drink and tobacco sector is also searching for functions to contract out, mainly as a way of hiving off its industrial relations problems to contract workforces. As a sweetener for its unions, the company is encouraging its remaining direct workforce to compete with outside contractors for work that has traditionally been done out-house.

The report contains the largest number of case studies that the IMS has drawn on in a single study developing its theory of a divided labour market. The IMS is considering how best to publish the study, and may do so in a form that will conceal the identities of the case studies.

The study was commissioned by the Department of Employment and shaped some of the main conclusions of a paper submitted to the National Economic Development Council in March by Mr Tom King, the Employment Secretary. It explains the implications of the new forms of work organisation for public policy.

Companies "had not been unduly constrained in their initiatives by UK protective legislation," according to the report. Firms are least bothered by legislation constraining relative pay rates, the report found, because they did not want to offer less pay to their peripheral workers.

Companies are, however, more concerned about protective legislation that stops them offering their peripheral workers worse non-pay benefits, like holidays, sick pay and pensions.

In the longer term, the report suggests, these developments could have serious implications for policies on training, since few companies offer their peripheral workers much training; and for social security arrangements, since they are blurring "the (already opaque) distinction between employment and unemployment."

Most of the companies surveyed had not developed comprehensive strategies to restructure their workforces but were using the opportunities presented by unemployment and technological change to introduce the changes piecemeal.

On the union side, however, the position was, if anything, worse. "The trade union response had been confused and generally aimless," the report concludes. Unions were keeping quiet about the displacement of permanent staff "because the unions did not want to expose their supposed inability to stop it."

FINANCIAL TIMES SURVEY

Thursday August 22 1985

COLOMBIA

ENERGY RESOURCES

Discovering a silver lining

Rising coal and oil exports will have a substantial impact on Colombia's financial health

By ROBERT GRAHAM, LATIN AMERICAN EDITOR in BOGOTA

REMOTE and inhospitable places often contain rich resources. Such is the case of Colombia's Llanos, the vast tropical flatlands on the east of the Andes.

Occidental Petroleum has made the biggest recent oil discovery in Latin America at Caño Limón, close to the border with Venezuela. The area is extremely inaccessible, mostly jungle and carved up by rivers.

Helicopter and rivercraft are the best means of transport, especially during the rainy season when much of the low land becomes inundated. The oil rigs, built above the flood line, often seem the sole bits of dry land.

The find was made public last year, yet even now there is no definitive assessment of the field's size. Occidental has talked of Caño Limón being able to produce 1bn barrels; officials in Ecopetrol, the Colombian national oil concern, which is Occidental's partner, are more conservative.

Surplus

Nevertheless, Royal Dutch Shell has seen fit to buy into the field and international oil companies are focusing fresh attention on Colombia, whose oil potential has disappointed the industry until now.

In addition to Caño Limón, other small discoveries have been made in the past 18 months, accompanied by a steady rise in exploration activity. As a result, within the next year Colombia will become a net oil exporter in a modest way and by 1987 it should be exporting more than 100,000 barrels a day.

A World Bank assessment confidently predicted that the effect of eliminating oil imports and the new capacity to export would be a $1.25bn net oil trade surplus by 1987. The bank expects this surplus to be maintained through 1990.

In terms of world oil resources this is still small, but for a country struggling to meet its obligations on $13.5bn of foreign debt it means a great deal.

The oil discoveries have provided silver lining to disappointment over the development of Colombia's coal potential. Five years ago coal exports promised to be the main new source of foreign exchange. But falling international coal prices have led to a sharp revision of both development plans and projected earnings.

However, Colombia possesses the largest coal reserves in South America and is set to capture 10 per cent of the world market. Seven of the country's biggest fields have reserves of 16bn tonnes.

Carbocol, the national coal company, was formed in 1976 to develop deposits at El Gerrejón on the north-eastern coast, breaking with the traditional small exploitation of mines for domestic consumption. Carbocol partnered Exxon, which has used Cerrejón as a diversification out of oil.

The first coal from this $3.2bn open-cast mine was exported in February, and by 1990 production is scheduled to reach 15m tonnes.

This is considerably less than originally envisaged. At one stage Cerrejón was expected to produce more than 25m tonnes for export while the development of other mines would raise exports to about 40m tonnes by 1990. The target is now down to 21m tonnes.

According to Carbocol projections, endorsed by the international banks, income from coal sales will be $500m within two years, rising to $1bn by 1990.

In spite of tough international competition to sell coal, Colombia occupies a strategic geographic position, well placed to supply the U.S. East Coast market and Europe. The same applies to sales of crude.

Coal and oil exports, even on conservative estimates, will have a substantial impact both on the terms of trade and their pattern. Colombia is just about balancing its trade, thanks to tight import controls. From next year the balance will move into comfortable surplus and by 1987 could be more than $2bn.

Coal and oil will also provide within the next two years an important diversification, away from the traditional dependence on coffee as a source of foreign exchange.

Colombia is the world's second biggest coffee producer and exporter. Coffee has accounted for between 40 and 50 per cent of export earnings, depending upon international prices. During the past five years coffee earnings have swung from a high of $2.2bn to a low of $1.4bn, causing the country serious balance of paymants problems. Oil and coal earnings will now cushion any trough in coffee income.

Within five years coffee's share in exports will be cut to 28-30 per cent. Oil and coal will account for 40 per cent.

The authorities have been hit by coffee price fluctuations with the bulk of Colombia's foreign borrowing being made on the back of a coffee boom. So the international uncertainty surrounding oil and coal prices has created an even greater sense of caution in Bogota. No-one has dared to consider the consequences of having greater financial freedom in the near future.

"The country is still not aware of the impact of oil," says Dr Jorge Ospina, Minister of Planning. "There has been no public debate about things like the rate of recovery of the oil, and whether oil income should be used to accelerate repayment of our foreign debt."

This is deliberate policy on the part of the Government of President Belisario Betancur. The country is in the throes of a tough economic adjustment programme. Both the president and his ministers feel it would be wrong to raise expectations which could undermine austerity policies.

In private, ministers also admit that with presidential elections due early next year, they are anxious to prevent the prospects of wealth from these energy resources becoming an electoral issue.

The presidential election is only in a pre-campaign phase but nothing suggests that the use of these resources will be a polemical issue or that the likely candidates will alter the government's open attitude towards foreign investment.

As it is, the basic lines of economic policy will be hard to change until 1987. This is the price the Government is paying to obtain a $1bn credit from the international banks.

President Betancur sought to obtain these funds without an International Monetary Fund adjustment programme or restructuring Colombia's foreign debt—unlike other Latin American debtors. However, the banks refused to provide the loan unless the IMF was allowed to study Golombia's economic performance and give a formal endorsement. They also stipulated that this process of formal endorsement be continued at six-monthly intervals on a programme that lasted through 1986.

Much to the Government's relief, at the end of July the IMF pronounced the economy to be on target. Sr Roberto Junguito Bonnet, the Finance Minister, is confident that the public sector deficit will be cut from 7.6 per cent of GDP to 4.9 per cent by the end of the year. Fiscal receipts are up more than 40 per cent and government spending has been drastically pruned.

The decline in reserves has alowed due to an improved trade account and a decision to boost gold production. Gold accounts for 35 per cent of Colombia's $1.6bn foreign reserves.

"We have put the main emphasis on improving our external position," says Sr Junguito. "Perhaps I could be criticised for being too restrictive but we want to settle our external position."

His critics complain that at the price of pleasing the international financial community, growth has been stifled and unemployment risen to 14 per cent. Sr Junguito counters that in the remainder of the year the Government will bave a little more leeway to reactivate the economy, which bas come through 18 months of austerity in mnch bealthier shape.

An encouraging sign is the way deposits with savings and loan associations bave increased 42 per cent this year in spite of public grumbling of wages not matching 25 per cent inflation. Growth could be np 2 per cent, according to Sr Junguito.

But the keynote remains tight economic management. It bas been a sobering experience for the Government to discover resistance to new credit by the international banks. The Government expected Colombia to be treated as a special case; partly because of the promise of its new resources and partly because of its meticulous record in maintaining its obligations on public foreign debt.

The banks, bowever, were reluctant to increase their exposure in Colombie and voiced concern over delays by the Government in sorting out the financial position of domestic banks, hard hit by recession. These besitations beve been overcome and the loan is expected to be finalised by the end of this month, with $423m earmarked for Carbocol and $200m for Ecopetrol.

The reluctance of the commercial banks to increase exposure is more a reflection of events in Latin America as a whole rather than of Colombia. Access to credit is going to be a limitation on the development of the oil and coal industry. Colombia's substantial hydro-generating potential has already bad to be downgraded to give priority to the latter.

There is room for more foreign direct investment, but security could become a consideration if the foreign presence increases too visibly. Colombia has a long and unhappy record of violence. Kidnapping and extortion are well-established businesses, practised by organised crime, petty criminals and various anti-government guerrilla groups. In the llanos, companies connected with the oil business have had to cope with kidnappings and "revolutionary" taxes.

There has been a resurgence of guerrilla activity, especially by the radical nationalist group M19, and President Betancur's efforts to promote an armistice bave run into serious difficulties. But the guerrillas, by resuming their struggle after accepting a ceasefire last year, have lost their popular appeal.

The military have also gone over to the offensive and the guerrillas have since last month begun to suffer beavy casualties.

There is no evidence of foreign oil companies being put off by the security situation. But the Government must demonstrate sufficient control to calm latent fears.

The Major Oil Discoveries

The oil sector

	1978	1979	1980	1981	1982	1983	1984
Investment in exploration (U.S.$m)	71.5	139.1	182.2	272.7	281.6	107.6	124.0
No. of exploratory wells drilled	26	29	36	61	73	35	43
No. of development wells drilled	59	65	82	111	151	213	230
Crude oil production '000 bpd	129.7	123.4	124.6	133.8	141.6	152.1	167.1
Crude oil processed in Colombian refineries '000 bpd	152.6	151.9	161.3	171.0	165.1	185.6	188.3

Source: Ecopetrol

Oil production forecasts

Estimates of potential production of oil in '000 bpd.

Year	Ecopetrol	Concessions, etc.	Association contracts	Total
1985 June-Dec.	67.5	66.6	45.1	179.2
1986	74.0	63.4	157.1	294.5
1987	80.5	60.1	212.3	352.9
1988†	76.6	49.9	261.6	388.1
1989†	71.1	41.1	265.9	378.1
1990†	66.7	33.8	269.5	370.0
1991†	57.1	28.1	269.1	354.3
1992†	50.2	23.5	268.5	342.2

† Assuming no new discoveries.

Source: Ecopetrol

Mining boosts local industry

El Cerrejón

SARITA KENDALL

ON THE windswept north-eastern coast of Colombia, barges heaped with coal from El Cerrejón are towed across a choppy sea. Cranes lift the coal into a ship bound for Rotterdam while, on the other side of the pier, workmen assemble a linear loader that will make Puerto Bolivar one of the most efficient coal ports in the world.

By early next year equipment will be ready to handle up to 10,000 tonnes of coal an hour, and by 1989 some 15m tonnes a year will be exported via Puerto Bolivar. El Cerrejón's northern zone is a big development project by any standards, and expectations of the foreign exchange it will bring in are correspondingly high.

This year's earnings, estimated at US$110m, are a bonus. Coal shipments began in February, nearly a year before the scheduled date. Although the early start meant an extra investment in provisional equipment at the mine and the port, Carbocol, the Colombian coal company was anxious to put El Cerrejón's production on the world market as soon as possible.

Welcomed

Carbocol has been hard pressed to keep up the flow of funds for its half-share of the US$3.2bn venture. But the Government is negotiating US$1bn in foreign loans, and US$423m will go towards El Cerrejón.

Intercor, the Exxon subsidiary that is Carbocol's partner in the northern project, has extended short-term credits to help Carbocol through difficult patches.

Shell Coal's recent interest in El Cerrejón could ease the situation, and has been welcomed by Mr Ivan Duque, the Energy Minister, as a vote of confidence. However it is not clear whether Shell's offer involves buying 10 to 20 per cent of Colombia's share in El Cerrejón, or whether the company wants the right to market some of the product. Several prominent figures have criticised any deal that would reduce Carbocol to a minority shareholder, while the state company has repeatedly insisted on doing its own marketing.

Although Carbocol's investment in El Cerrejón is just over U.S.$1.6bn, other financial commitments — including the repayment of loans, operating costs, working capital and interest—more than double the sum needed between 1980 and 1988. Much external financing has come from export agencies (especially the U.S. Eximbank) but there has been a scramble to obtain peso credits from Carbocol's main shareholders, Ecopetrol and Proexpo.

At El Cerrejón itself there is no sign of financial problems. The activity is tremendous, even though the number of people working on the project has begun to fall after reaching a peak of 13,000 a few months ago. A company town originally included in Intercor's proposal has been dropped, and towns nearby will be expanded instead to house those running the operation.

Most of the workforce lives in construction camps, with Intercor's operating teams flying in for four-day shifts from the coastal city of Barranquilla. Airstrips built at the mine and port are more than 1,500 metres long, and can be used at night. Much of the ferrying is done by two de Havilland aircraft, financed with Canadian export credit.

A 150 km railway crosses the Guajira desert from El Cerrejón's mine to Puerto Bolivar, the only sign of modern technology in an arid, sparsely populated landscape. It cuts through Indian lands and burial grounds, generating conflicts and claims that stalled construction work during 1983.

However, six months ago the first trainload of coal arrived in Puerto Bolivar, and some 3.5m tonnes is to be shipped out in the 90-ton wagons this year. When the system is working at full strength, there will be two trains carrying more than 8,500 tonnes each.

Floodlights at the mine allow the electric shovels and 154 ton trucks to work around the clock. For every ton of coal, six tons of earth and rock must be removed.

Reserves in this northern zone of El Cerrejon, which are only a fraction of the total area are estimated at 1.6bn tonnes to a depth of 200 metres. Coal is being trucked to a small crusher and transporter for loading into rail cars, but two 75 metres silos that will start operating in 1986 already dominate the skyline.

Colombian industry has a major role in the project. Soon after work began in 1980, a stream of complaints appeared in the local press criticising lack of opportunities for Colombian companies, so Intercor adopted policies favouring national industry.

Quickly

Carbocol's manager in Barranquilla says: "One of the biggest challenges was the maximum inclusion of Colombian companies, as that meant some delays and quality problems. Just about every Colombian company with the capacity is involved in El Cerrejón, and it has been a big boost for industry."

The production phase of the contract between Intercor and Carbocol runs for 23 years (to 2008), after which all the installations revert to Carbocol. The two companies—one a multinational operator, the other a young state enterprise—have different views on a number of issues, but an advisory group helps to keep Carbocol informed of project developments so decisions can be made quickly.

An independent U.S. company, Fluor, also advises Carbocol on technical matters, and brings in experts when problems arise. President Belisario Betancur's personal interest in El Cerrejón, and the Government's firm commitment have disentangled some of the worst red tape, such as speeding import permits.

The project is close to completion (January 1986 is the official deadline) so attention is being focused on international demand and coal prices. Intercor and Carbocol split El Cerrejón's production 50/50, and each company markets its share (though Intercor pays a basic 15 per cent royalty, and more if earnings exceed certain levels).

Carbocol has an active marketing team, and Mr Leon Teicher, its leader, is optimistic about the sales outlook. Contracts cover 1985 and most of 1986 production from El Cerrejón, with plenty of interest for the longer term.

El Cerrejón produces a high-volatile bituminous coal with low ash and sulphur content, well located for the eastern U.S. and western Europe markets. The integrated mine-port operation should ensure stable supplies, and large shipments will help keep costs down.

Carbocol has signed agreements with the Electric Fuels Corporation of Florida and Carboex of Spain, while Intercor's contracts include Elsam (Denmark) and the Electricity Supply Board of Ireland. More than a dozen countries are among Carbocol's clients, and discussions for future sales have ranged as far afield as Japan, Sweden and Israel.

The initial production target for the northern zone is 15m tonnes a year, but this may be raised to 25m tonnes if the market is strong. The signs are that Colombia will be able to capture a good slice of the world coal trade, but projections of earnings are much more modest than they were when the project got under way.

Even so, El Cerrejón should be bringing in U.S.$500m a year at the end of the decade, and much of this income will remain in state hands.

Colombian coal exports

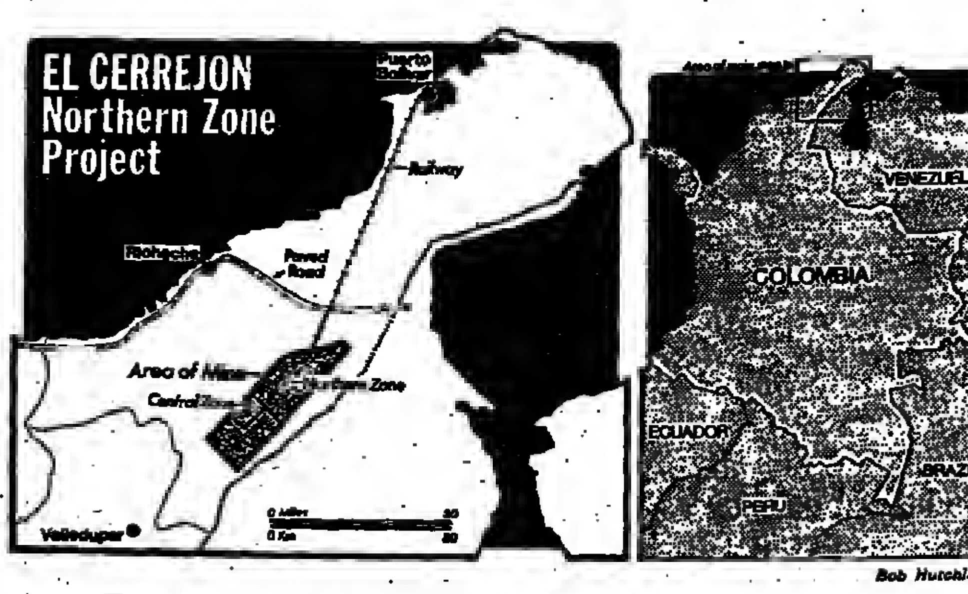
	1984	1985	1986	1987	1988	1989	1990
Cerrejon Norte (m tons)	0	2.30	6.16	9.00	12.00	15.00	15.00
Carbocol	0	1.15	3.08	4.50	6.00	7.50	7.50
Intercor	0	1.15	3.08	4.50	6.00	7.50	7.50
Cerrejon Central (m tons)†	0.35	0.72	0.00	0.00	3.00	4.00	5.00
Other projects (m tons)*		0.32	0.80	1.10	1.10	1.10	1.10
Total (m tons)		3.34	6.96	10.10	16.10	20.10	21.10
Price (U.S.$/ton)	41.5	39.2	42.0	44.9	48.1	51.5	55.1
Exports value (U.S.$/m)	34	131	292	454	774	1,024	1,162
Remittances (U.S.$m)§		2.2	5.8	12.1	81.9	113.5	131.7

† In September 1985 this project may be suspended for two years. Consequently, these projections conservatively assume that no production occurs in 1986-87.

* These projects include Prodeco and Carbones del Caribe.

§ Remittances of Intercor.

Source: Colombian Government



Bob Hutchison

Potential for exports

Coal

SARITA KENDALL

IF COLOMBIA is to reach its target of taking 10 per cent of the world's steam coal market by the end of the century, El Cerrejón will be only one among several large mining projects.

Estimates covering seven of the country's 35 coalfields put reserves at 16.2bn tonnes — more than half the total for South America. Although there is both steam and coking coal, the main coking deposits are far inland, in the Andes north of Bogotá any large export operation would depend on big transport investment.

Until the opencast mining of El Cerrejón's central and northern zones began, coal production was generally primitive and inefficient, with small and scattered excavations. Some 5m tonnes a year supplied the local market, and a little was left for export.

Once the decision to start developing coal reserves had been taken, Carbocol recognised the need to try and encourage domestic consumption, otherwise Colombia would be in the risky position of exporting 80 per cent of production by 1990 —and even more towards the year 2000.

But little has been achieved. With the oil discoveries in the lanos (flatlands), substitution programmes lost impetus, while pricing policies reflect other priorities.

Industry — including cement, steel and textile plants — now uses about 2.5m tonnes a year, and future growth will be limited.

Electricity generation, on the other hand, could absorb more steam coal if, as is likely, the Government chooses to postpone expensive hydro-electric schemes and fill the gap with smaller, thermal power stations.

Several of Colombia's richest steam coal deposits are near the Caribbean coast, excellently placed for the export market.

Apart from the northern zone of El Cerrejón, Carbocol is also looking ahead to the development of other areas. However, the failure of the central zone project at El Cerrejón is a big set-back. The operation proved too costly at current international coal prices, and Carbocol cut short the four-year contract with the Domi-Anxini-Prodeco group.

This year's central zone production was to have been 1.5m tonnes, part to supply the nearby Termoguajira power station and part for export. Such a small venture and high transport costs became uneconomic at prices under U.S.$51 a tonne.

Carbocol has been discussing larger operations—up to 5m tonnes a year—with French, Italian and Spanish companies as well as Shell Coal. Reserves in the central zone are ample (800m tonnes down to 150 metres) and the hope is that a new contract will be firmed up before the end of the year.

Up to now coal has been trucked to the coast, and Carbocol is looking for an alternative. The most obvious answer is the extension of the railway from the northern zone of El Cerrejón, about 20 km away. Some central zone coal has already been taken out this way, using trucks for the first stretch, but once the northern zone is in full production an agreement between Carbocol and Intercor may be more difficult.

Another solution, a slurry pipeline to the nearest point on the coast, is being studied by a Dutch group.

Foreign companies have also been showing an interest in the Alto San Jorge and La Jagua/La Loma deposits. According to Mr Ricardo Cucalón, technical vice president of Carbocol, it looks as though Alto San Jorge (southwest of Cartagena) is an extremely rich basin. The World Bank has backed a study to define reserve areas and evaluate a project to produce more than 5m tonnes a year.

Further east, near the Venezuelan border, are the La Jagua/La Loma deposits, which have drawn the attention of Greenley and Agip Carbone, and production levels of 5m to 10m tonnes a year are being considered.

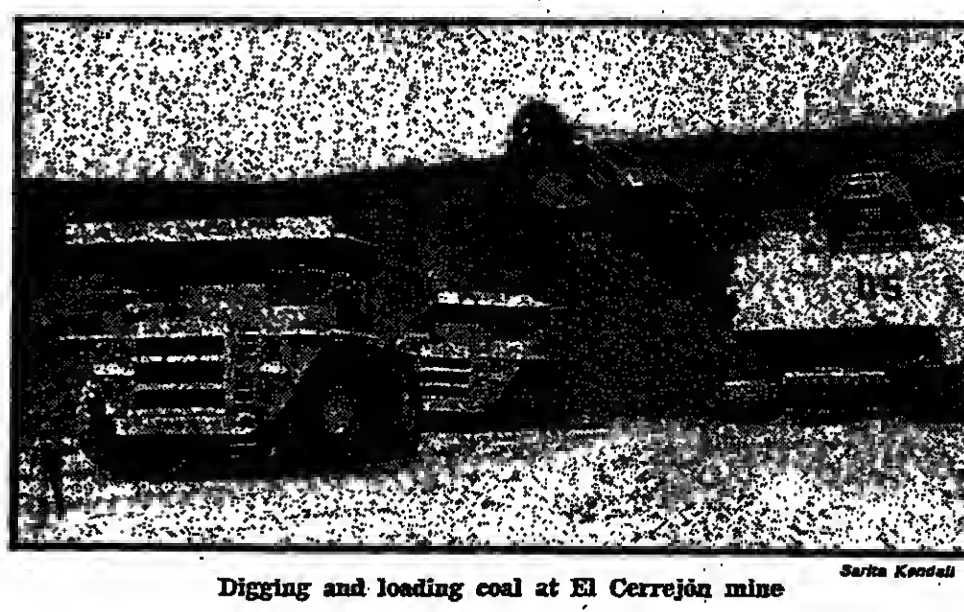
For the moment the state coal company has enough on its hands with El Cerrejón. But Carbocol's forecasters are confident that world demand for steam coal will pick up by the early 1990s. A client-by-client analysis estimates the 1990 potential market for El Cerrejón's coal at 25m tonnes.

Coal from the central zone has already been exported to Caribbean and Central American countries, and Colombia is a natural supplier for this region, as well as for Mexico, which is expected to start buying in 1987 or 1988.

Carbocol is keen to market Colombia's coal directly, and has named agents for the southern U.S. and central Europe. The company's aim is to diversify as much as possible by client, geographical area and type of industrial use.

Because Colombia needs foreign exchange so badly, the Government has clamped down on barter agreements, cutting out a number of possible buyers. This could change in the longer term, and prices will not have to improve much to stimulate new projects.

Carbocol calculates that Colombia would have no trouble producing 40m tonnes a year by the end of the century.



Sarita Kendall

Digging and loading coal at El Cerrejón mine

World Bank to the rescue

Finance

ROBERT GRAHAM

THE COMBINED cost of developing Colombia's two biggest energy projects—the Caño Limón oilfield and the Cerrejón open-cast coal mine—will be close to U.S.$5bn. These are big, capital intensive undertakings underlining the expense of development in Colombia, where poor infrastructure, great distances and awkward terrain add costs.

Colombia lacks the financial resources to have undertaken either of these projects on its own. A foreign partner providing capital and expertise, plus the backing of the World Bank, has been essential.

The World Bank has proved Colombia's greatest champion during the past three years, when foreign credit has been increasingly difficult to obtain. Its first development loan in Latin America was to Colombia. The presence of a major international partner like Exxon in Cerrejón has reassured those bankers anxious over the viability of the project at a time of declining coal prices.

Colombia's foreign borrowing has had to be increasingly selective as the debt crisis has hit Latin America. Total foreign debt now stands at $13.5bn, almost $1bn up on 1984. By the standards of Argentina, Brazil and Chile this is small. Nevertheless, Colombia has a debt service ratio of 40 per cent, with total payments this year on principal and interest of $2.16bn.

Obligations have been scrupulously met, yet it has encountered wariness recently from commercial lenders even when trying to invest in export-earning projects. The bulk of foreign borrowing is medium- and long-term, especially public sector debt, which represents more than 65 per cent of the total. This has lessened the need to seek a restructuring.

The main increase in public sector borrowing occurred between 1980 and 1984, when medium- and long-term debt almost doubled to $8.1bn. Not all this has been fully disbursed and borrowing primarily reflects the increased activity of Carbocol and Ecopetrol.

During this period the electricity sector was receiving the greatest share of credit (27 per cent). This is explained by investments in power stations and hydro electricity projects which at the beginning of the 1980s were planned to cope with an annual increase in energy demand of 11 per cent a year.

The projection has since been cut to 6 per cent and scarce funds have been switched into coal and oil development. Over the next five years the latter, along with minerals (nickel) will absorb 25 per cent of new foreign credit.

Where possible, successive Colombian governments have sought to obtain funds from government agencies and multilateral institutions. The World Bank is the most important, with $1.9bn loans outstanding. Just over half the public sector borrowing is from official lenders, and by next year this will reach 63 per cent, with commercial banks providing only 25 per cent and suppliers the remainder.

Total public sector disbursements to be received this year are expected to be $2.12bn, with $2.26bn projected for 1986. However, limits on multilateral agency fresh funding and the latters' policies of encouraging commercial bank loans for viable export projects with foreign partners led Colombia to seek a $1bn commercial credit this year.

It is the centrepiece of the country's 1985 borrowing and will increase commercial bank exposure in Colombia by almost 6 per cent. The loan will be disbursed over the remainder of this year and through 1986, once details have been finalised this month.

DEBT INDICATORS

	$bn 1980	1984	1985	1986
Total external debt	7.15	12.52	13.96	15.35
Medium/long term	(4.69)	(9.52)	(11.10)	(12.47)
To banks	(1.90)	(4.60)	(5.17)	(5.38)
Total debt service	0.94	2.01	2.16	2.39
Interest	(0.63)	(1.13)	(1.29)	(1.46)

Source: Ministry of Finance.

Pricing policies under fire

COLOMBIA'S electricity sector is going through a shake-up, says Sr Ivan Duque Escobar, Minister of Mines and Energy.

"It is very complicated. We have to arrive at a completely new framework to guarantee future financing. The sector has 27 per cent of the foreign debt and is strongly affected by high devaluation," he says.

Electricity will absorb U.S.$532m this year, a quarter of foreign credit disbursed, and next year's figure is $622m. Most of the dollars come from the World Bank and the International Development Bank, and both have been critical of the way the sector is run—particularly of pricing policies which make it impossible to raise local funds for investment.

The Government has been forced to find money from the commercial banks to finish generating projects delayed by financial problems, thus increasing costs even further.

Although Colombia has cordilleras with rich hydro-electric potential, the variable rains and bad droughts sometimes reduce generating power to a fraction of capacity. Greater care is being taken to protect watersheds by planting trees, and strong ecological lobbies have begun to influence planning. The Urra scheme in North-west Colombia has been postponed largely because of financial pressures but also for environmental reasons.

Several of the big hydro-electric projects for the late 1980s and early 1990s have been put off. This means that plans to export electricity to Central America must also be shelved, though all the plants under construction will go ahead.

With lower economic growth rates, the rise in demand for electricity has fallen to 6 per cent a year and the Government is considering the construction

Electricity

SARITA KENDALL

of smaller thermal plants. These play an important part in the national grid system when reservoirs are low, and there is no lack of coal to fuel them.

Hydro-electric power accounts for about two-thirds of Colombia's generating capacity (6,000 megawatts) and the proportion will continue to rise towards the end of the century. Schemes coming into operation over the next five years will add nearly 4,000 Mw, while new coal-fired power stations contribute barely 400 Mw.

There are no oil or gas plants on the books, and these will be installed only in small towns isolated from the national grid. Nor are there any immediate plans for atomic energy, though Colombia has begun to explore uranium deposits.

In spite of plentiful oil, coal and water reserves, the Government is also encouraging the development of alternative energy sources, including solar energy. Some housing estates have been fitted with solar panels for water heating, and small farmers can obtain low interest credit for solar devices.

The drop in sugar prices has given impetus to ideas for substituting alcohol for petrol. Sugar cane growers suggest that some 10,000 to 15,000 hectares of high-yield can plantations in the Cauca Valley should be turned over to alcohol production, but they are waiting for the Government to fix a price that would make an investment in distilleries profitable. A fuel mix of 15 per cent alcohol to 85 per cent petrol could be used without modifications to car engines.

Ecopetrol has also been experimenting with gas-fuelled vehicles on the coast and plans to expand the programme. This would help reduce petrol imports, at the same time providing an outlet for natural gas produced in the Guajira peninsular. The Government would like to step up exploration for natural gas, but one obstacle has been the lack of market. Villavicencio, in the Llanos, will soon have gas piped from Ecopetrol's Apiay field, and Bogota could also be supplied if reserves are sufficient.

Although costly oil imports have forced Colombia into substitution, little attention has been given to efficiency and conservation of conventional energy resources. Low petrol prices of 65 U.S. cents a gallon keep up demand, and subsidies are accepted as politically necessary. Some 22 per cent of generating power is lost in transmission and distribution, yet rationing has to be imposed when the rains fail or a new project is late on stream.

The electricity authorities have grown into over-blown bureaucracies with large financial deficits, and rivalries between regions undermine rational planning efforts.

COLOMBIA: Energy 4

Sarita Kendall examines the progress of the country's oil revolution and the activities of its international partners.

Clamouring for share of the action

Oil

COLOMBIA'S OIL priorities are summed up by Sr Alfredo Carvajal, president of the state petroleum company: "We must continue to explore, and become self-sufficient as soon as possible." This self-sufficiency should come early next year, when crude from the new Caño Limon field begins to flow along the pipeline from the eastern plains.

And exploration is hardly flagging: there are more than 50 foreign companies in Colombia, and 30 exploratory wells were drilled in the first half of 1985.

So many companies have been clamouring for a share of the action that the Government is opening up the south-eastern Putumayo and Caquetá basins for exploration by foreigners. Initial responses have been positive according to Sr Carvajal.

This is a gratifying change compared with 10 years ago. In 1975 exploration was virtually at a standstill, and Colombia faced ever-increasing import bills to compensate for a 7 per cent annual decline in crude production.

From 1921 when production began to 1974 the country exported about 1bn barrels of crude, or just over half of output. Although Ecopetrol, the state petroleum company, was created in 1951 to give the nation a stronger stake in the oil business, the concession system continued to operate. Only in 1974, when reserves were down to 600m bbs, did the Government start to make policy changes that would draw foreign companies back to Colombia.

Association contracts, modified exchange regulations and a new price structure proved to be successful incentives for exploration.

An association contract between Ecopetrol and a foreign company normally allows for six years of exploration, then 22 years production once a commercial field has been identified. The foreign company assumes all the risk during exploration but divides development costs 50/50 with Ecopetrol. There is a 20 per cent royalty for Ecopetrol, and the rest of production is halved, leaving the foreign company with 40 per cent and Colombia with the rest.

In addition, crude sold to national refineries by the foreign partner is paid at international prices.

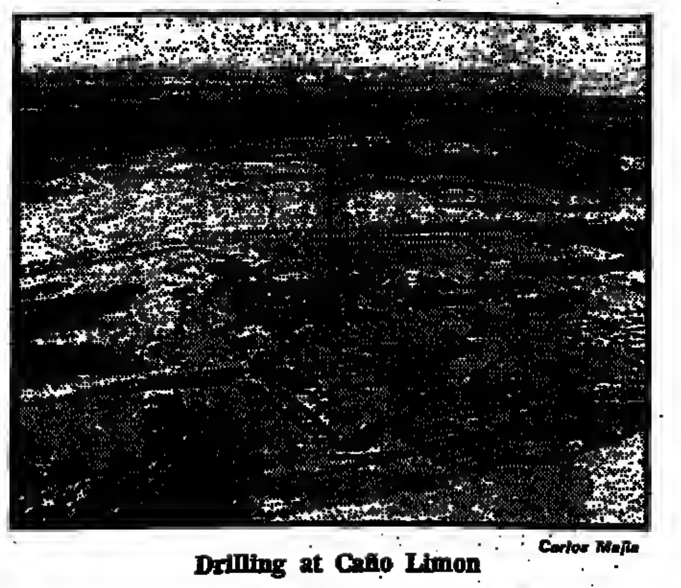
Colombia had the bad luck to become an oil importer just as the price of crude began to spiral upward, and Ecopetrol had to divert funds for imports. But foreign investment in exploration quadrupled to US$223m between 1978 and 1981, and Ecopetrol's drilling programme expanded too. Although there were no spectacular finds until Caño Limon was discovered by Occidental, reserves were bolstered by some new fields in both the eastern plains and the Magdalena valley.

Drilling

Most of Colombia's oil has come from the middle Magdalena basin, sandwiched between the central and eastern Andean cordilleras. Ecopetrol's main infrastructure is concentrated here too, around the refining centre at Barrancabermeja.

With existing roads, towns and pipelines, exploration and development costs in the 1,500 km Magdalena valley are relatively low.

Sr Bernado Toborda, Ecopetrol's vice-president for exploration, quotes Houston Oil's recent find in the upper basin as an example. Drillings are shallow and run at less than $700,000 while a crude pipeline nearby can be upgraded as a result, production of about 10,000 b/d can get under way less than two years after the association contract was signed.



Carlos Mejía

Drilling at Caño Limon

In the eastern plains, or llanos, it is another story. Exxon invested heavily in expensive deep drilling that had disappointing results. After spending more than $120m on four 20,000 ft exploratory wells in Arauca the company decided to truck 3,500 b/d over the mountains in tankers even though Ecopetrol did not agree the field was commercial.

While drilling along the eastern Adean foothills is difficult because of the geology, exploration further out in the llanos is complicated by the lack of all-weather roads and a long wet season with widespread flooding. Even so, the llanos sedimentary basin is Colombia's "hot spot" and Ecopetrol's exploration map shows a patchwork of contracts.

"When the companies first started exploring the llanos years ago, they missed the smaller fields, like the ones discovered by Elf Aquitaine. Now seismic techniques are much advanced," Sr Taborda says.

For the same reason, there is still interest in the Magdalena valley. However, Ecopetrol would like to attract investment to riskier areas.

The Putumayo is already on offer with the added advantage that only a fraction of the capacity of the pipeline that crosses the Andes to the Pacific coast is in use.

Another area for the future may be the north coast of Colombia. Gulf is evaluating the whole northern region and may take up some new blocks.

In mid-1985 Colombia's recoverable oil reserves were estimated at 1.25bn barrels, with Caño Limon accounting for nearly half the total. Crude production has reached 175,000 b/d and will continue to go up.

But the big jumps in output will come when the new pipelines are ready — first Caño Limon, then the central llanos. Ecopetrol will be investing some $120m in a 60,000 b/d line to transport crude from Casanare and Meta (including the state company's Apiay production) across the eastern cordillera to connect with the Magdalena valley system.

Capacity can be raised to 100,000 b/d if, as expected, there are new discoveries in the central llanos.

By the second half of next year, production should be near 300,000 b/d, compared with a domestic consumption rate of about 220,000 b/d. Not only will self-sufficiency be assured but Colombia will become a crude exporter again. In 1987 exports should be more than 150,000 b/d, though without new finds they will start dropping off again after 1990.

Because Colombia's refining capacity is less than 200,000 b/d, petrol imports will continue. These are more than offset by exports of fuel oil.

The change in the oil trade balance will be a great financial relief for Ecopetrol, which has been hit by the high devaluation rate and low fuel oil prices. Last year's dollar surplus is once again being eroded, and the company projects losses of $30m for 1985. These should, however, be converted into a $1bn profit in two years.

The state company's foreign debt reached $323m in April and the Caño Limon project will absorb nearly $700m. Other investments include $154m for exploration over the next three years and improvements in refining and pipelines.

Tough task for explorer partners

Caño Limon

THE long rainy season in the llanos turns the River Arauca into a muddy torrent that breaks its banks, sometimes sweeping away a section of road. Heavy rains also churn up the narrow route down the Andean cordillera and landslides strand lines of trucks loaded with fuel, pipes and cement.

Transport is the biggest headache at Occidental's Caño Limon camp. Work can go on only if materials get through. Barges, planes, helicopters and even mules keep them arriving, and the project is going ahead at an astounding rate. Three rigs are drilling near Caño Limon, the crude pipeline has advanced into the cordillera, and welders are working on the storage tanks at the first pumping station.

Caño Limon was a big discovery even by international standards, and it has nearly doubled Colombia's proven reserves. Though Ecopetrol quotes a more conservative recovery rate (45 per cent) than Occidental, 600m barrels are enough to put the country back in the export league.

When Royal Dutch Shell took over half of Occidental's holdings in the area through the U.S.$1bn purchase of the Colombia Cities Service Petroleum Corporation, the deal was well received. As the president of Ecopetrol put it: "It confirmed the size of the discovery for Colombians, and it is always better to have two strong partners than one."

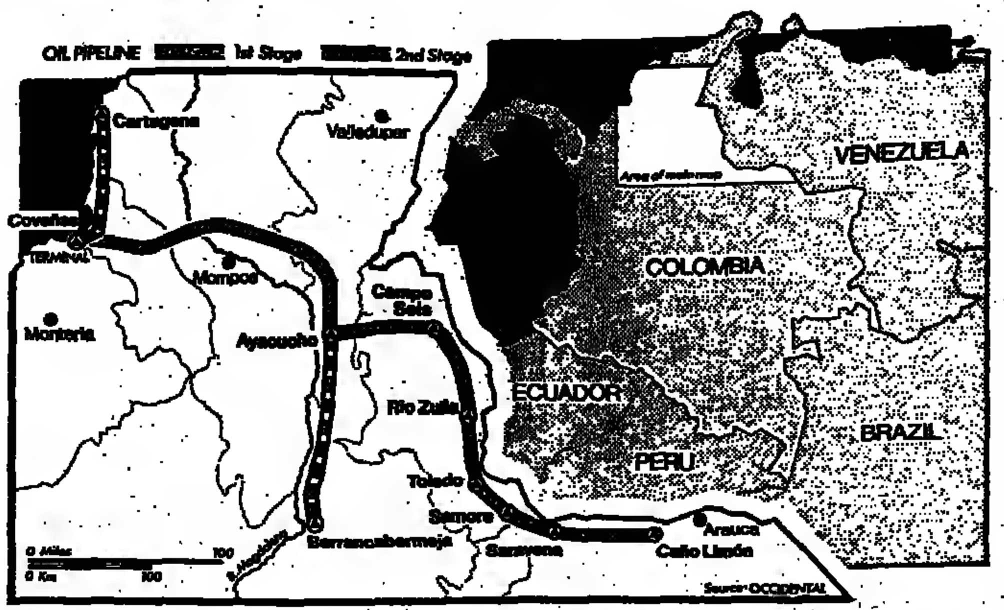
Drilling at Caño Limon is fairly straightforward, and on average 1,000 ft takes about three days. The crude varies from 29 to 33 API viscosity at 8,000 ft and each well costs about U.S.$3m. Occidental has a fourth rig drilling further south-west at Rondon, which should help define reserves more exactly. Fuel for the operation has to be lifted in daily by helicopters.

Oil imports and exports

(Values in US$m)

	1982	1983	1984
Imports	664.3	624.1	445.4
Exports	349.6	438.7	491.4

Source: Ecopetrol.



A 300 km pipeline from Caño Limon to Rio Zulia should be ready this year and exports start once the section to Coveñas is complete

Although the road westward to Saravena in the Andean foothills is serviceable, the 30 km eastward to Arauca is sometimes washed out.

This short stretch is an important one, not only for Occidental, which financed it. The city of 30,000 people has been cut off from the rest of Colombia, developing strong links with Venezuela. A bridge spans the River Arauca to Venezuela, while Cúcuta, Colombia's main mountain border town, can be reached in three hours along Venezuelan roads compared with 10 when passable the other way.

Most of the vehicles in Arauca carry Venezuelan number plates (they are cheaper) and even the electricity comes across the frontier. Colombia's cattle, scattered over the unfenced plains, find a good market in Venezuela. Yamaha engines power the Arauca river launches, known as *voladoras* or flyers. Just across from the *voladora* port, the Venezuelan Yamaha warehouse stands out.

Venezuela is also drilling the other side of the Arauca river, with substantial reserves reported in the Guafita area. Information is being exchanged and the two nations have agreed not to drill within 500 metres of the border. Along the river, slow barges carry machinery and materials to Caño Limon.

A Belfast cargo plane has been sent out by Heavylift from the UK to transport equipment for the first pumping station from Barranquilla to Arauca. The pumps, made by Ingersoll Rand (UK), are driven by W. H. Allen engines, and the whole unit weighs some 65 tons. Allen is also supplying Occidental with six generator sets for the production facilities, bringing the company's share in the project to some £12m.

Foundations for the pumps are being laid (even the gravel has to be trucked in from Saravena) and a network of lines will carry crude from Caño Limon, La Yuca and Matanegra to the production centres.

Full production planned at 200,000 b/d will be reached in 1987, but exports can begin as soon as the pipeline connecting Rio Zulie to Coveñas is complete. Bechtel is starting work on this section.

The 300km line from Caño to Rio Zulie should be ready at the end of this year and carrying 60,000 b/d by early 1986. The West German company Mannesmann is responsible for construction on this section with IMEG providing the design and part of the equipment.

Apart from the physical problems created by swamps and an 8,800 ft mountain pass, Mannesmann has been plagued by strikes, kidnaps and guerrilla threats. There have also been attacks on camps and helicopters, while the main bridge on the road from Saravena was blown up recently.

"Some of these towns are wild places, and the guerrillas are very obvious and vocal," says one foreigner working in the area.

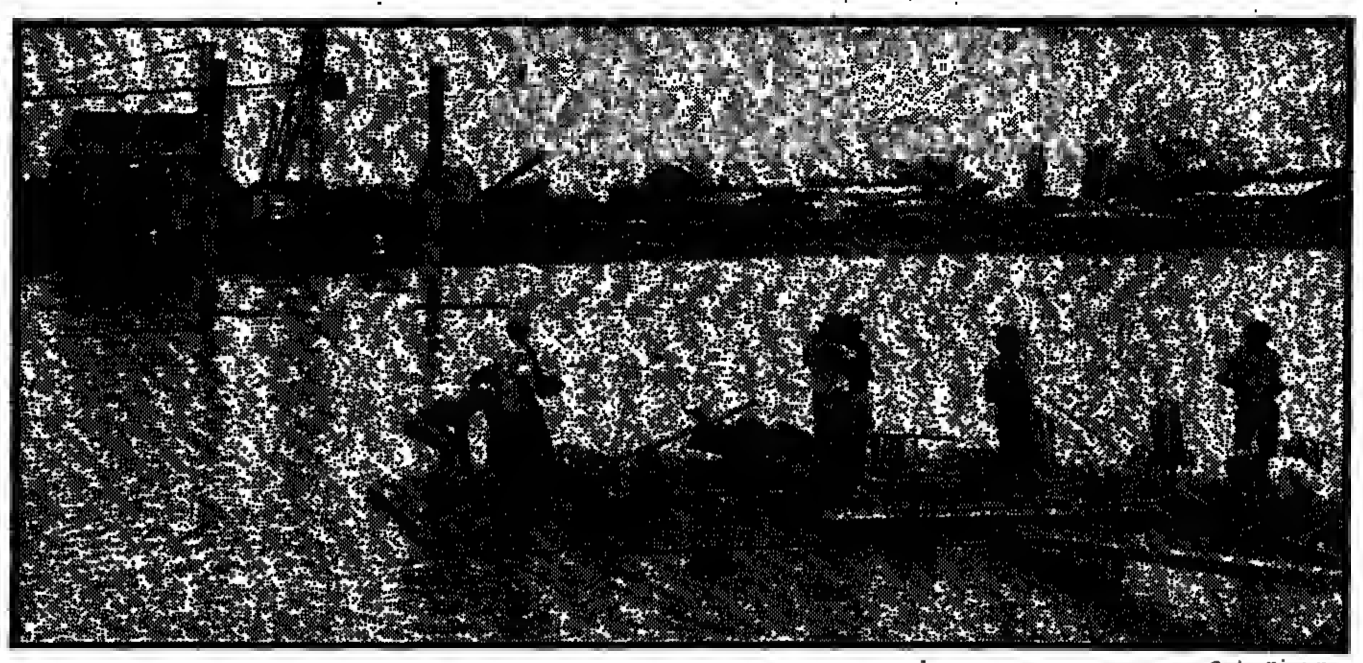
The army and the Colombian Farmers Society recently accused foreign companies of paying off guerrilla groups in the region, a practice that is not unusual among nationals. The Castroite National Liberation Army (ELN) is particularly active in the foothills of the eastern cordillera, and nearly all the contractors have come face-to-face with guerrillas at some stage.

Generally, their policy is to co-operate with the local population, paying good rates for labour and helping out with health, education and infrastructure projects.

The regional governor, Col Barragán, supports this attitude. "The companies have behaved well on the whole, but it is important that they get in touch with the authorities and show openly what they are doing," he says.

In spite of the employment boom, he sees little benefit for Arauca so far. This will come once production is in full swing and royalties are financing social and economic development.

Investment in this vast, isolated region of Colombia must eventually reduce the guerrilla problem, too.



Sarita Kendall

Driving pylons into the river at Caño Limon for a bridge

PROFILE: ELF-AQUITAINE

BY PAUL BETTS

Transport handicap limits output

THE SMALL town of Yopal in the foothills of the Andes where the Colombian llanos (flatlands) start stretching out to the Venezuela border has been undergoing a transformation. From a hamlet of about 500 people living mainly off the cowboys and farmers of the llanos, Yopal has become a boom town during the past 10 years.

The discovery of oil has led to growing activity with Jeeps bustling through the town, regular arrivals of small planes at the tiny airport, and difficulties finding a room in the two hotels.

The town has assumed a cosmopolitan quality as the oil exploration and production centre of Elf-Aquitaine, the state-controlled French company which has been drilling in the area since 1972.

Columbia is still a small play compared with Elf's operations at Lacq in France, in eastern Africa and in the North Sea. But it is, nonetheless, important.

Colombia is the only country in South America where Elf has oil exploration and production operations. The French company is also tripling its Colombian budget this year from US$5m in 1984 to $15m this year. It will continue to spend about $15m to $20m in each of the next three years.

Elf was attracted to Colombia in the early 1970s because of the stable and diversified economy compared with other South American countries and the oil potential in a large unexplored province in the llanos. It also saw geological similarities between the llanos and its operations then in Alberta, Canada. Both are at the foot of the same mountain chain of the Rockies/Andes.

The company discovered oil in its first attempts near Yopal in 1972. But the cost of transporting from the llanos over the Andes to the nearest refinery was prohibitive at a time when oil prices were still low. Elf decided to look for oil elsewhere in Colombia but its efforts in the north and in the centre of the country were disappointing and its went back to the llanos.

Small discoveries encouraged Elf to persevere in spite of the transport handicap. The area became even more interesting after discoveries by other oil groups, including one by Exxon near the Venezuelan border.

The Exxon find, originally expected to produce up to 50,000 barrels a day, proved ultimately disappointing. But interest in the llanos has again been revived by the discovery last year of the giant field of Caño Limon by Occidental Petroleum near Exxon's earlier find.

Caño Limon is expected to produce about 1bn barrels of oil, although some more conservative estimates by the Colombian Government put the figure at 500m to 600m barrels.

"Cano Limon has clearly had an influence on all of us," said an Elf official explaining the renewed interest in the llanos.

The problem for Elf remains the transport of crude to the refinery of Barrancabermeja. The oil is carried by huge trucks on a 600 km journey from Yopal up 3,000 metres over the Andes to the refinery.

The trucks carry 200 barrels of oil each on the dirt track across the Andes. The journey, when not interrupted by landslides, can take six days or more. There are not enough trucks because Colombia has imposed stringent import restrictions as part of its economic readjustment programme and defence of foreign exchange reserves.

The transport handicap has restricted Elf oil production to about 6,000 barrels a day.

Ecopetrol, the Colombian state oil group, also produces a modest 5,000 barrels a day at Apiay, which must also be transported across the mountains. Elf and Ecopetrol could be producing between 30,000 and 50,000 barrels of oil a day if it could transport it to the refinery.

There are plans to build a US$150m-$200m pipeline across the Andes. It would be the highest pipeline in the world. But the project has faced delays over the award of contracts and cost estimates.

It was due to come on stream by the first half of 1987 but Elf now expects completion by the beginning of 1988. The pipeline will have a capacity of 50,000 barrels a day, which could be doubled by additional pumping stations.

The pipeline is crucial for Elf. But while waiting for the project to get off the ground, it is continuing exploration. It has hopes of finding a larger field in the foothills, although wells will be more expensive to drill. The company would like to find a 50,000 or even a 100,000 barrels a day field.

Apart from the transport problem, Elf does not appear as concerned by security and guerrilla activity as some of the other oil companies, especially the Americans, and international groups working in the llanos. There have been kidnappings by guerrillas of engineers or managers but Elf says it has never had any trouble.

The big military garrison based at Yopal provides some comfort. The llanos around Yopal is not thickly vegetated, making it difficult for guerrillas or bandits to hide from searching helicopters. This is not so further north. The French company is very careful and takes all precautions in an area which is still a frontier.

Sr Segovia Salas, former chairman of Ecopetrol and now Public Works Minister, said when asked about the kidnapping of a West German engineer near Caño Limon, that building a pipeline in the llanos is not the same as building one in the Champs Elysees in Paris.

THE ARTS

Exhibition/Patricia Morison

Shedding light on Victorian values

The late 20th century's rediscovery of Victorian art and literature proceeds with the remorselessness of an army of snails munching their way through a once lush and neglected garden. The biggest hiccough comes with Victorian religiosity, which still seems to many of us mawkishly sentimental and embarrassing. Julia Margaret Cameron's work has been a particular victim of the selectivity of our Victorian diet.

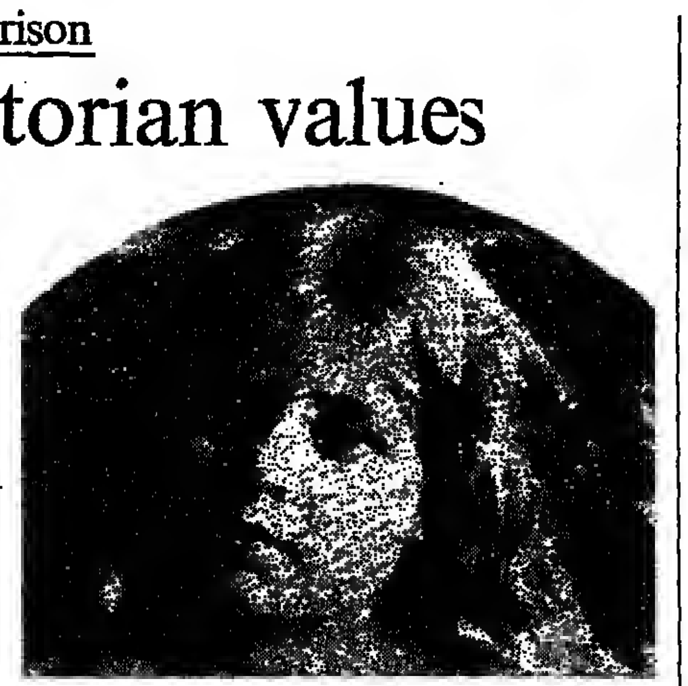
This exhibition comes to London after a long voyage starting from Southampton which has taken it to New York and many European capitals. It demands that we see Cameron's work as a whole, and thereby touches on some of the thorniest intellectual and artistic debates of the Victorian era. The catalogue is indispensable if one is to follow the subtlety of Mike Weaver's radical reassesment of Cameron's art.

For some 50 years connoisseurs have awarded Cameron top marks as a portrait photographer while more recently she has scored a bonus for being a woman. But oh dear, those ladies in bunchy nightdresses beside pots of lilies, entitled *The Annunciation;* whereas Arthurian scenes, of the type in which a railway porter sports chain-mail and coal-scuttle helmet, can be dismissed as simply comic, Cameron's devotional works are more discomforting. They touch on our modern prudery about the status of photography. We expect religious subjects to be treated in decently laborious paint, stone, or stained glass, not fixed with the pop of a studio flash. Cameron was e bold innovator who wished to claim for her medium the territory of Fra Angelico and Raphael: you may find the results unpalatable, but yon have to hand it to her for boldness.

"Julia Jackson—Mrs Duckworth Saxonbury" (1867) at the National Portrait Gallery

This exhibition shows that Cameron's deep religious sense lies behind all her work. She was obsessed by the search for Beauty, which to her was a morally nplifting valne. The first overwhelming impression of this exhibition is the sheer beauty of the women she photographed. It is typical of the exhibition's seriousness that the pictures come with Cameron's own titles but not with the sitters' identity appended. The sensuous beanty before a jasmine bush is *Pomona*, not Alice Liddell. The staggeringly lovely woman called *Mountain Nymph, Sweet Liberty*, is not Cyllene Wilson, the Camerons' adopted daughter, who grew so tired of long studio sessions that she ran away to be a transatlantic stewardess.

For it was not the individual so much as the type whom Cameron aought to capture. In Cyllene's case it was the Mary Magdalene type of the penitent sinner, who reappears in many other guises, such as Ophelia or Gretchen. Unlike the Pre-Raphaelites, Cameron made minimal use of constricting historical props so that this allowed a wealth of cross-reference between her subjects.



"Child's Head" (1866) by Julia Margaret Cameron

Mike Weaver shows how Cameron drew on the influential studies by Mrs Anne Jameson and Lady Eastlake of mediaeval lconography. Even the best-known portraits of men of letters like Carlyle, Sir Henry Taylor and Tennyson, carry also their typological allusions. King David, Arthur, Old Testament prophets, even God himself, hover faintly behind these portraits.

One starts to see how mnch damage has been done to Cameron's artistic status by all the funny stories about her despotic, warm-hearted, eccentric character. Far from being hullied to sit in oak trees dressed as Merlin, her husband, Charles Cameron, was an important ally of Cameron's ideals. Both were engaged in a search for a sacred art suitable for the age, which would reconcile classical and Christian ideals. Tennyson took Cameron deeply senously as an artist, fume as h· might at her excessive sociaiility. He willingly entrusted to her the photographic re lisation of his Idylls, because tley too were at the heart of a moral statement.

One myt laid to rest by the catalogue s that Cameron only started photography because her children gave her a camera to cheer her ıp when Charles was away in Ceylon in 1863. In fact she had b·en interested in the progress ‹f the new medium since the late 1930s, but prolific motherhood had kept her too husy Cameron was a deeply intellectual woman who translated plays from the German, wrot· poetry, read widely, and bombarded her friends with voluminous letters. She was not a guhing sycophant who knelt at tle feet of the eminent Victorian male, but e tireless fighter fr a new art form which seened to offer unlimited horizons.

The exhibition runs until October € 1985 in the Henry Cole Win[.

New Music/Edinburgh Festival

Andrew Porter

The Edinburgh Festival has brought two excellent new works by Peter Maxwell Davies and by Alexander Goehr. Davies's *The Peat Cutters*, commissioned by the Carnegie Trust, was composed for the National Yonth Brass Band of Scotland and the Scottish National Orchestra junior chorus (sopranos and altos, 135 atrong) and youth chorus (S.A.T.B., 60 strong). It *is* a 20-minute cantata, its matter what the composer calls "a record of and reflection upon a disastrous hill fire last year on Hoy." The imegery is vivid: as fire sweeps np the valley, it is as if the aun has descended to become incarnate there; and the earth-hugging heather now aspires skyward in whirls of spark and smoke. Eagles soar aloft in the heat haze, deserting their young; the hare darts from the fire like a living brand.

The work opens in a sun-drenched stillness and closes in a charred stillness within which new life has begun to stir. And between comes the fierce, sudden pageant of violence, destruction, and horror marked by an awful splendour. There are five movements. The text — Davies's own — suggests the larged metaphor: catastrophe sparked by man's carelessness, the natural order overthrown, Eden becomes an inferno. The poet grapples to understand, with questions, with a warning. The composer responds wilb wide-ranging music, growing audibly from a quiet start through transformations, distortions, and destruction, until the quiet but strikingly troubled close is reached.

The large forces — the band is 80-strong — are used thrillingly, in sonorities now hroad, now furious, but often delicate. The children's voices ring out. The music is rhythmically difficult. The harmonies are bold and strong. The choirs, trained by Jean Kidd, sang confidently, exactly, with cleanly focussed pitch, and sang without scores. The young instrumentelists, conducted by Geoffrey Brand, played like virtuosi. *The Peat Cutters* made e thrilling climax to a Sunday aftenoon Usher Hall concert. Before it there wes choral or hrass music by Cedric Thorpe Davie, Ravel, Elgar, Thomas Wilson, and Fauré.

Goehr's . . . o *musical offering (JSB 1985)* a Festival commission for the Scottish Chamher Orchestra, is, in the composer's words, "a kind of mediation on the expressive character of polyphonic techniques," in three movements: Prelude, Ancient Dance Steps, and Ricercar. It's a "learned" composition—Goehr tells of proportions based on numerical translations of Bach's initials—but with a learning not at all crabbed: n fluent delight, rather in ingenious, smiling, or poignant juxtapositions, metamorphoses, and concinnilies. The piece is colourful, scored for four contrasting groups: flute with a quintet of upper strings; hrass trio; two clarinets and percussion; piano and double-hass.

It flows. In the middle movement it dences to the rhythms of Bach's keyboard suites. Through it all there runs as e main theme the plainchant Alleluia sung at the start, in canon, by horn and trombone. It's a bewitching streich of supple, inventive, masterly music. The work lasts about 17 minutes, and is dedicated to the memory of Edward Boyle, "nocturnal composer of fugues."

The *Offering* had its premiere at Monday morning's concert in the Queen's Hall, played by the Scottish Chamber Orchestra, conducted hy Oliver Knussen. Sun streamed through the windows; spirits were high. The orchestre gave trim, joyful, shapely performances of Bach's fourth Brandenburg and Handel's Grand Concerto Op 6 No 5, and ended with Goehr's gentle, carefully wrought, moving *sinfonia* of 1980.

Edinburgh Fringe

Martin Hoyle

Besides its showcase of modern plays presented by the resident company, the Traverse is giving the British première of the runaway Japanese success *Tosa Genji*. The title refers ironically to the hero of e famous novel; here it applies to a blind beggar, a derelict living under a bridge, who reminisces abont a life of social ostracism softened by the love of women.

Compiled from the recollections of a real beggar discovered by the author, Tsuneichi Miyamoto, the piece has followed success in its native Japan with an equally popular world tour. A 75 minnte monologue for the actor Nagatoshi Sakamoto, the story begins with e hent figure hobbling painfully into the darkened acting space; wheezing and grunting, carrying a mat-bed, roof and covering in one — this squat, angular tortoise reveals itself as the outcast whose narrative is amazingly free from hitterness. He looks back gratefully on the love which eased the harshness of a late 19th century class system that makes Britain look like the heady ideals of the Levellers come true.

At the end of his story, the old man, his mat unfurled, is whirled off the stage to the sound of a bowling wind: a dead leaf whisked into oblivion. Both beginning and ending suggest Mr Sakamoto's formidably controlled physical technique more successfully than the central narrative, which one ignobly suspects amounts to a Nipponese version of one of Bernard Miles's rustic monologues.

*

As ever, student productions ere worth watching on the fringe. The National Student Theatre Company's amhitious repertoire—10 shows including adaptations of Saki and Ian McEwan—has thrown up an interesting new Irish play hy Eoghan Harris,
African venues and despite the

In *The Pope's Gig*, at Cathedral Hall, Alhany Street, the sexual hypocrisy and political expediency of small-town Eire is seen against the excitement of the papal visit. Fascinating to see the Prod girl as the representative of forthright reasonahleness (we get some inklings of why Ulster Loyalists ere so determined not to be swallowed up by the Repnblic). Fascinating, too, to watch the pragmatism of the local whizz-kid botelier, promoting chicken-in-the-hasket and would-be sophisticated showbands while impregnating the maid, getting engaged to the Protestant end setting his sights on a political career.

Pragmatism wins the day; but though the future Fianna Fail member and his rational Protestant fiancée may inherit their carefully bargained-for patch of the earth, life's outcasts, we infer, keep their souls. Only e soft-centred conclusion — when pregnant maid, closet homosexual musician and disillusioned ex-IRA man drive off into the sunset to a future of small-town gigs — lessens the impact of detached aod ironic observation.

The Lancaster-based Red Rose Theatre (Greyfriars Kirk House, Candlemaker Row) postulates an intriguing meeting between the expounder of infantile sexuality and the creator of Jemima Puddleduck. *Beatrix ond Sigmund* takes an unconscionably long time to set up the inevitable Freudian interpretation of a Potter classic — reminiscent of the immortal parody in *The Pooh Perplex* — and its equally predictable demolition by the briskly sceptical hill-farmer's wife who wrote it.

Collectors of literary rarities may be amused—or hemused—by Fielding's *Don Quixote in England* tucked away up the hack stairs of the Royel Overseas League in Princes Street. Aardvarks Anonymous, an offshoot of Manchester Umbrella, present 14 characters among four actors in a breathless comic-strip knockabout style. Rough edges need polishing, but Fielding's genially satiric jibes at the venality of local electioneering come t hrough sharply enough. And another busy venue, the West End, in a church hall at the western end of Princes Street, bouses *inter alia*, an *Edward II* chiefly remarkahle for its graphic murder of the king, and the continued twitching of the corpse through the ensuing dialogue with an aptness more medical than dramatic.

Ken Dodd/Futurist, Scarborough

Michael Coveney

The Ken Dodd Laughter Show, playing at the Futurist in Scarborough until August 31 is, in addition to the star, an agreeably tatty seaside presentation of dancing school lovelies, black theatre puppets, an incongruous waterfall and a determined folk singer called Annabel whose 20-minute act was about 20 minutes too long.

Regular readers of this page know me to be a fully paid up member of the Ken Dodd fan club. I have often wondered if he is, in fact, a Northern comic; my suspicions that he transcends such demarcation lines were fulsomely confirmed on the North East Yorkshire coast. Dodd'a oddness and vitality make of him a gloriously alien creature wherever be goes. If you can raise a laugh in Scarborough, be reckons, you can put your name down for a council house in the Falklands. The same went for Wimbledon et pantomime time last year.

A hilly resort is Scarborough, observes Dodd, before conjuring with a few delicious strokes (...) the image of gangs of OAPs, roped together (sudden inexplicable cry of "Are you all right there, Gladys?"), struggling back to their digs: "Bed, hreakfast and oxygen mask." "Anyone in from Butlin's?" (Butlins is what happened to the Grand Hotel, once the cnvy of all Europe). "There'll be a meeting of the escape committee after the show."

The Futurist is a hideous harn and even Dodd"a usual insult of "an ahandoned bakery" will not auffice. He welcomes us to "this multi-purpose hall; we have to be ont by 12 so that the buses can come in." (Robert Sangster's Apollo Leisure have lately acquired the theatre and I trust their planned renovations will begin with the removal from the Victorian façade of a revolting yellow plastic excrescence that makes you want to flee the esplanade and jump straight into the sea, notwithstanding its usual mid-August temperature of several degrees below freezing.)

The local references are few but telling. Local dignitaries are lightly derided for their notorious bone-heededness, but is Dodd or any of his audience aware of the continued reluctance of the anthorities to take seriously the claims on their loyalty of Britain's most successful dramatist, Alan Ayckhourn, whose future at the Stephen Joseph in Valley Parade is in jeopardy?

The wretched Diddymen come on even to the dismay of their onlie begetter. Dodd is fully justified to cling to such old favourites as "Happiness" and "Tears"; he has always used saccharine songs to good effect in the act. But the Diddymen should go. Their dwarfish charms are fading fast and their staleness, Dodd obviously now knows, is contagious. Best on the bill were the Simmons Brothers, an ebullient double act far superior to Little and Large or Cannon and Ball by virtue of some imaginative, surreal material involving comic illusionism, a mobile staircase, a flying Dracula suspended painfully under the crotch and an original impressionist's routine.

Ken Dodd, the seemingly ageless Lord of Misrule, wields a tickling stick with a mind of its own and has the great comic's ability to utilise every aspect of his appearance: the flying teeth and hair, the floor-length red bairy coat, or the outrageous mustard trousers that are whipped off by a statuesque girl ("She's instead of wages") to reveal perfect casual attire.

Two shows a night, queues around the pavilion. Dodd is the very spirit of tireless vaudeville and, as ever, be impresses as an animal who only exists in the glare of a spotlight, in the palms of our hands. This is what people unfortunate enough to have only seen Dood on television do not understand. At 11.15 pm second house, Dodd in full glorious flow, a silver-haired couple were unwise enough to make slowly towards the exit. "And tonight's honeymoon couple ... Mr and Mrs ... Willy Turner ... will'e turn 'er? ... good luck grandad ... yes, it's been a long hard week . . . I know the feeling ... don't you know the feeling missus ..." It was nearly time to take out the flask and sandwiches.

Antony Sher for West End

Antony Sher will star in *Torch Song Trilogy* by Harvey Fierstein which opens at the Albery Theatre on October 1.

The play has just completed a three-year run on Broadway during which it won a "Tony Award" for best play.

Ulster Orchestra/Albert Hall

Max Loppert

The Ulster Orchestra, which in the last few years has grown in size, amhition and status (reflected by a recent spate of recordings), on Tuesday night made a helated Prom debut. In truth, it was only in the final work of the concert, the Sibelius Third Symphony, that the orchestra under Bryden Thomson began to do itself proper justice. The rough edges in the playing appeared to correspond at important points to the bracing sound-world of the music; and, though its final pages failed to sail bome with the sense of glowing inevitability that can make this one of the most completely satisfying of Sibelius symphonies, the scale of the argument had been accurately reflected.

Earlier, things had been less happy. In the Nielsen *Helios* Overture, it sounded from the continually inexact ensemble as though the players were having tronble hearing each other: individual sections (such as the all-important opening borns) made nervous contributions and the knitting-together process was awkward.

At the start of the second half, the orchestral accompaniment to Barry Donglas's account of the Liszt A major Concerto was lamentably wooden; Mr Douglas, the young Ulster virtuoso, also making his Prom debut, is probably the most brilliant young pianist to emerge from these islands for many decades, but it was sad to hear his genuine Lisztian command swamped and subverted in this way.

For another leading Ulster-born performer, Heather Harper (vhose voice seems to be defyin, the passage of time quite splendidly), there had been produced e new Malcolm Williamson song-cycle — *Next Year in Jerusalem: Poems of Jorge Lus Borges*. The three poems, which Williamson has set in the original Spanish, form a tribute to the state of Israel; the sentiments expressed therein are not simple-minded, the imagery is rich and complex. Fron this Williamson has drawn a air amount of noisy tub-thumpng, particularly in the first song.

The second two produce rather more interesting detail (such as the rapid stuttering response o the vocal phrases at the start of the third), yet the overall impression remained a deterring one of bombast and musical anonymity.

New British film company

A new British film production company has been formed by producer Don Boyd with funding from Virgin Films, World Wde Visual Entertainment and the French-based Les Productions Belles-Rives.

Four films are planned by the grouping, the first of which, *Heroine*, starring Oliver Reed and Irina Brook, starts shooting in September. It will be produced by Boyd and is written and direced by Paul Mayersberg. The other films will be produced by David Puttnam, Jeremy Thomas and Michal Hamlyn. All are budgeted at under £2m each.

Medici Quartet/Elizabeth Hall

Andrew Clements

When a guitarist and a string quartet are closeted together the odds are that sooner or later they will be playing Boccherini. Other composers douhtless have attempted the same unlikely combination, hut only Boccherini's guitar quintets (nine of them extant) are regularly revived. The fourth, in F major G 448, was the centreplece of Tuesday night's South Bank Summer Music in the Elizabeth Hall, when John Williams joined the Medici Quartet.

If there is a case to be made for Boccherini as anything other than an elegant but essentially facile historical figure, full of Classical good manners but little else, it is not likely to be furthered by the guitar quintets. The F major began life as a string quintet, or rather as parts of two quintets spliced together, and the result—four fairly substantial movements with a lively and sometimes colourful fandango as finale — is pleasing enough while it lasts hut does not leave one hankering for an encore.

The Medici and Mr Williams did everything they could to keep the textures huoyant and full of interest. The guitar was amplified, producing a concerto-like balance that worked well when the guitar had the melody hut made some of the more mundane accompanying figures unfortunately self-important.

The Medici's main contribution was two Mozart string quintets, the C major and G minor, in which Michael Cookson played the second viola. It was hard to fault their playing on grounds of balance and taste, nor in the way in which lyrical lines were sensitively drawn ont. Sometimes rhythms needed sharper etching, and the tension within the music clearer focus:

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

August 16–22

Exhibitions

SPAIN

Santander, Santillana del Mar. The splendour of pre-Colombian culture. Gold exhibits from the Quimbaya Treasure. Fundacion Santillana, Torre de don Borja. Ends Aug 30.

SWITZERLAND

Martigny: Fondation Pierre Gianadda: 250 Klee paintings in the striking modern gallery built over the Roman ruins of the city of Octodurus. Ends Nov 3. (026/2 39 78).

VIENNA

Vienna 1870–1930: Dream and Reality: The greatest names of the Viennese fin-de-siècle – Klimt, Otto Wagner, Schiele, Kokoshka, Aldolf Loos, Josef Hoffman – in a dazzling display of Jugendstil creative genius. The attempt to integrate the artistic achievements of this era with philosophical developments (notably Wittgenstein but also Freud) and political transformations (the emergence of municipal socialism on the ruins of Baroque splendour) is ambitious and only partly successful. The complex tension between autocratic and censored reality on the one hand and the illusions or fantasies of individual artists oo the other is hinted at but not fully explored. A high point of the show is a reconstruction of Hoffman's room at the secession exhibilioo of 1902. Here, triumphantly restored, is Klimt's fifty-foot Beethoven frieze depicting humanity's progress through suffering to joy on the theme of the Ninth Symphony. Displayed exactly as intended, this alone is worth a special visit. Kunstlerhaus. Ends October 8.

NETHERLANDS

Amsterdam, Film Museum (Vondel Park 3). French cinema month. This week films by De Broca, Dréville, Moguy, Pottier, Tourneur (Fri, Mon to Thur, all matinee). (83 16 46).

Eindhoven, Van Abbe Museum. The museum's collection of works by the Russian Constructivist, El Lissitzky (1890-1941), comprising 85 gouaches, watercolours, drawings and etchings, is on view until Aug 25.

Amsterdam Rijksmuseum Printroom Continuing its centennial celebrations, the museum has put together a revealing exhibition of 60 of its finest Rembrandt drawings supplemented by a further 60 by anonymous Rembrandt pupils and followers to illustrate the extent of the master's influence. Ends Sept 29.

PARIS

Renoir: An important exhibition of the most sensuous of the impressionist painters, who never tired of glorifying the nude feminine body capturing the light, comes to Paris from the Hayward Gallery, London. It consists of some 125 paintings and 50 drawings, including Le Bal du Moulin de la Galette and La Danse à Bougival, Grand Palais, Closed Tue. Ends Sept 2 (261 5410)

Robert and Sonia Delaunay: for the 100th anniversary of their births, his in Paris and hers in the Ukraine, a retrospective of some 300 objects, paintings, drawings and decorative projects brings to life their joint pictorial adventure. Whether exploring abstract painting or disarticulating Eiffel Tower images, their colours are vibrant, their joie de vivre explosive. Musée d'Art Moderne, 11 ave du Président Wilson. Closed Mon, Wed late closing. Ends Sept 8.

Perfume: An enchanting exhibition in praise of perfume assembles 550 objects, mostly phials, bottles and perfume fountains from the 18th to the 19th century. Some were made of Viennese porcelain, others of Bohemian cut glass or from gold and enamel in England. There are silver pomanders with petals opening up and Chelsea china statuettes. They all show exquisite workmanship and some of perfume's power to beguile. Le Louvre des Antiquaires, 2 Place Palais Royal. Ends Sept 15.

WEST GERMANY

Munich, Staatsgalerie moderner Kunst, Prinzregentenstr. 1: German Art since 1960, 200 paintings, prints and drawings by 13 artists from the private collection of the German Prince Franz of Bavaria. Among them: Beuys, Richter and Kiefer. Ends Sept 15.

Hildesheim, Römer und Pelizaeus-Museum, Am Steine 1-2: Nofret, the exhibition covering Women in Egypt. For its last stop in Germany, the exhibition will carry 177 pieces, an extra 96. Some 30 objects are on loan from the Egyptian Museum in East Berlin. It is the biggest assembly of Pharoan Art. Ends Nov.

Berlin, Nationalgalerie, Potsdamer Straße 50: New acquisitions '75-'85, offer 500 works from between 1820 to 1985. Some 300 important artists participate. Ends Aug 25.

ITALY

Florence: Museo Archeologico (Piazza SS. Annunziata) – The Etruscan Civilization: This is the first of a long series of exhibitions to mark The Year of the Etruscans, and shows the results of the most recent research into the Etruscan world. A useful history of this civilization's birth, development and decline. Ends Oct 20.

Florence: Palazzo Pitti (Sala Bianca): Modern masters from the Thyssen-Bornemisza collection: The pleasure to be had from this remarkable exhibition is that it reflects the taste and prejudices of one individual: one of the few left who can afford Corot, Manet, Gauguin, Picasso – and who is generous enough to send them to be exhibited in France, England, the U.S., Australia, Japan, and now Italy. This same collection, with a few exceptions, was seen at the Royal Academy in London last autumn. Ends Sept 29.

BRUSSELS

Opera costumes from 1939 to the present including Zeffirelli's Rigoletto, Bosquet's Traviata and Karl Ernst Herremann's Clemency of Titus. Musée de Costumes et Dentelle. Until November.

TOKYO

Qing Dynasty Treasures from the Forbidden City, Peking. An important exhibition of 273 pieces showing the opulence and craftsmanship of the Qing Dynasty (1644-1912). Costumes, ornaments, ceramics, paintings plus imperial banquet room-setting, all magnificently displayed in Tokyo's best department store art museum. Seibu Department Store, Ikebukuro Branch. Ends Aug 26, closed Thursdays.

Hiroshima Panels: These immense murals depicting the bombing of Hiroshima now number 15 panels and have taken artists Toshi Akamatsu and Iri Maruki 30 years to complete (some of the earlier ones were exhibited in London in the 1950s). The series is on permanent exhibition in e special gallery, an hour's journey from Tokyo. The panels, based on the couple's experience and that of bomb victims, are remarkable for the breadth by which they not only depict Japanese but also foreign victims killed by the blast. A thought-provoking Saturday expedition. Maruki Gallery near Higashi-Matsuyama station on the Tobu-Tojo line from Ikebukuro. (Call 0493-23-1167 for directions in English.) Closed Mondays.

Masterpieces from Idemitsu Art Gallery: From one of Tokyo's finest private museums belonging to Sazo Idemitsu, the best from an outstanding collection of Oriental ceramics, crafts and paintings. Idemitsu Art Museum, 9th floor of Kokusai Bld, Hibiya. With magnificient views overlooking Tokyo's tranquil central (moat and green around Imperial Palace) plus Japanese tea-room. Ends Sept 1, closed Mondays.

Modigliani: 130 works in oils, watercolours, and sculptures. National Museum of Modern Art, Kitanomaru Park (near Palace and Imperial Hotels and parts of Tokyo's oasis near the Imperial Palace). Ends Sept 29.

Contemporary Western Art: Small standing collection of Hara private museum (Shinagawa) includes works by Dubuffet, Jasper Johns, Lichtenstein, Jackson Pollock, Vasarely, Warhol. The museum is a modern house, with a large shady garden and facilities for tea on the lawn. It is an ideal antidote to Tokyo's concrete and heat. Ends Sept 23.

NEW YORK

Metropolitan Museum: 30 objects from the period between the 1851 Crystal Palace Exhibition to the 1900 World Fair in Paris demonstrate the show's theme of Revivals and Explorations in European decorative arts. Ends Sept 5.

Asia Society: Japanese art of the supernatural, featuring ghosts and demons that turn themselves into humorous creatures to harass guilty and innocent, are illustrated in prints screens, small sculptures, paintings and netsukes from the 17th to 19th centuries. Ends Sept 1.

WASHINGTON

National Gallery (West Bldg): 36 old master paintings from the Dulwich Picture Gallery are exhibited under the title Collection for e King, including works by Rembrandt, Van Dyck, Canaletto and Gainsborough. Ends Sept 2.

CHICAGO

Art Institute: Though Edouard Manet made etchings primarily to reproduce and publicize his paintings, he developed e unique style as shown in the 27 etchings in this special exhibit of more than e third of his total output of 75 etchings. Ends Sept 2.

Saleroom/Antony Thorncroft

Top prices for disasters

While the major salerooms of Sotheby's and Christie's are quiescent during August and most of September—a relic of the days when their wealthy customers quit London for country pursuits—the smaller operations that remain open, Christie's, South Kensington, Phillips and Bonham's are reporting hrisk business.

Phillips held one of its four postcard and cigarette card sales of the year, which went according to plan with a total of £17,856 and 10 per cent unsold. The popular appeal of royalty and disasters was apparent in the two top lots—£410 paid for 382 postcards with a royal theme, and £450 for a lot containing cards of accidents and ruins, which had a top estimate of £60.

Cigarette cards remain a popular market, with prices steady. There was nothing on offer yesterday to approach in rarity the set of Taddy's cards of clowns which set a record £4,200 price at Phillips's last sale but 15 (of a set of 25) of Taddy's actresses with flowers, produced in 1899, sold for £110, as against a £60 top forecast.

At Christie's, South Kensington, yesterday the most unusual items on offer were a group of architectural fittings. The saleroom has pioneered this market and holds two sales a year. But the interest bas grown steadily, as have prices, and there are now plans to hold another auction in 1985.

It is an unusual sector in that the great majority of both sellers and vendors are private. Top price yesterday was £1,300 paid for a pair of giltwood and gesso multiple wall shelves, of Chippendale design: the top estimate had been £300. An Italian scagliola and alabaster circular table also sold for £1,300, as against an £800 top forecast. A French white marble fire surround of Louis XV design douhled its top estimate at £1,000.

*

A marble hust of the fourth Earl of Chesterfield by the 18th century sculptor Rouhillae has been acquired hy the National Portrait Gallery and will go on display there tomorrow.

The bust was sold at Christie's in April for £524,000 to an anonymous overseas bidder but the Arts Minister, Lord Gowrie, suspended an export licence for four months to enable a British institution to raise the money to match the price.

Thanks to contributions from the National Heritage Fund, the National Art Collections Fund and the Pilgrim Trust, the National Portrait Gallery, which had been the under-bidder at Christie's, was able to keep the bust in the UK. Lord Chesterfield is best known for his advisory letters to his son.

JOBS COLUMN

Extra load on export-generating executives

BY MICHAEL DIXON

MANAGERS AND specialists working abroad often complain that their export-generating efforts get forgotten by company headquarters, especially when promotions are being decided. But I am sad to say that something worse has apparently now befallen key expatriates employed by British companies. Their export efforts seem to have been forgotten by their home country's Government.

As a result they are no longer "out of sight, out of mind" to their company headquarters. They are being thought about with great concentration — although, unfortunately, not in a way guaranteed to make home-based senior managers' hearts grow fonder of their absent staff.

What has stimulated the present thinking about expatriates is the British Government's decision to change the rules governing the contributions paid by organisations towards employees' National Insurance.

Hitherto there has been a "ceiling" on the amount employers had to band over on behalf of each staff member. A level was set in the middle range of earnings, beyond which organisations could pay staff higher and higher rewards without their costing the employer anything extra by way of National Insurance contributions.

But from early October the National Insurance ceiling is to be abolished. Where better paid staff are concerned, the employer will have to hand over an NI contribution amounting to 10.45 per cent of all their earnings, no matter how highly they are rewarded.

At the same time there will he cuts in the employers' NI contributions on behalf of staff oo the bottom rungs of the pay ladder. The Government hopes that the change will increase the number of jobs available at lower levels.

While welcome to many companies—as well as to unemployed young people—in Britain, the change is bad news to others. They include employers in high-paying sectors such as banking and those whose operations are concentrated in places where living costs are expensive, like London. For the rewards on which the successively higher National Insurance contributions are to be levied include not just standard salaries and so on, but also London allowances and other extra payments on account of high living costs.

Several chiefs of London-based concerns operating solely in the United Kingdom hava told me that, as the net effect will be a rise in costs they cannot afford to pass on to customers, they will have to get rid of some longer serving staff. But the burden will evidently be far worse for companies importantly dependent on expatriates' efforts in markets overseas.

An illustratioo of the effect has been sent in by the Employment Conditions Abroed consultancy, which last week hed discussions with worried representatives of 18 UK companies with appreciable numbers of expatriates throughout the world.

Someone earning £20,000 a year in Britain who is sent to generate export business in the United States will need to be paid a total of about £65,000 in salary and allowances, all of which will be subject to the new Netional Insurance rules. Before the impending change the employer's NI contributions on that expatriate's behslf was £1,440. From October 6 it will be £6,792 a year.

It is true that, for British staff working in countries other than the U.S., the corresponding increase in the costs of employment will in most cases not be as great. Bot the overall effect on the companies which took part in last week's discussions will still be substantial, ranging upwards from a minimum increase of nearly £70,000 towards £1m a year or even beyond.

Several are evidently now thinking of setting up associate companies abroad or special offshore bureaux to act as the employers of their British expatriate staff. Meanwhile they are pondering certain questions.

Can it be that a Government which publicly professes to encourage its country's companies to sell more overseas, nevertheless intended to blunt their competitive edge by afflicting them with increased costs? Or did Ministers' anxiety to generate more low paid jobs at bome lead them to approve the changes in NI contributions without thinking through the implications for export performance?

Research chief

TODAY'S first job is one of the prime research management posts in bigh-technology industry, and is offered by headhunter Geoffrey King of Cambridge Executive Search. He eeeks the oew director of the Biogen group's research effort in Geneva.

Founded there in 1979, the group develops, prodoces and markets pharmaceuticals based on genetic engineering. Current products include a range for human use, such as "Intron A" Alphe Interferon for the prevention of colds and treatment of cancers, as well as animal proteins to increase the food yield of livestock.

The recruit will be responsible for the strategic planning and all other aspects of the work of the Geneva research laboratory. There are more than 20 doctorate-degree scientists and 40 technical staff in support. Other tasks are helping Biogen's principal research officer — to whom the new director will report—to form group policy for research and development, and liaising with the other laboratory in Massachusetts and with executives responsible for product management and licensing. The total yearly research budget is as present US$4m.

Candidates should have led a successful industrial R and D operation in a comparable field, and have the scientific standing and personal presence to command respect among scientists and business people both in and outside the group. Fluency in French would be an advantage.

Salary about 250,000 Swiss francs—which on the basis of Inbucon's cost of living index should be equivalent to roughly £72,500 in the UK—plus share stake and car among perks.

Inquiries to Mr King at 1a Rose Crescent, Cambridge CB2 3LL; telephone 0223 311316.

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As Mr Williams may not name his client, he promisee to abide by any candidate's request not to be identified to the employer at this stage (the same goes for the headbunter next to be mentioned).

Inquiries to Russell, Williams and Associates, 45 St Mary's Road, London W5 5RQ; tel 01-579 1082.

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Reporting to the Chief Executive (Mr Shah), the Financial Director will hava complete responsibility for the finance function together with significant administrative duties. The mejor features of the job will reflect the corporate objective to create very quickly a major national newspaper business generating substantiel profits end e large positive cash flow.

An outstanding accountant is sought who currently occupies a senior financial post in industry or commerce and is accustomed to working in large organisationa experiencing rapid growth and change. Experience must include corporate finance and familiarity with sophisticated computerised systems. Personelity must suit a tough end innovative environment. Age eround 40.

Remuneration: £45,000 plus executive car end other benefits. Relocation assistance where eppropriate.

Location: Warrington.

Please write in confidence to M D Beaumont, Pertner (ref F393).

KMG Thomson McLintock
Management Consultants
Devonshire House 36 George Street Manchester M1 4HA

CHIEF ACCOUNTANT

£18,000 + car **North West**

Our client, based in a modern specially designed plant in the North West, is e leading supplier of graphic reproduction services to the printing, packaging end advertising industries.

In ordar to support the substantial growth plenned following major investment in the latest technology, the company wishes to recruit e qualified chertered accountant to take full responsibility for the accounts department, reporting to tha Menaging Director.

The successful candidate will have had at least three years' post qualifying experience with a major industrial concern. Experience of the printing or an allied industry is desirable but not essential. Candidates will be asked to demonstrate a willingness to become involved in tha overall managemant of the company, an acute commercial awareness and knowledge of computers.

The remuneration package includas e salary of around £18,000, a car and e generous pension scheme. Relocation expenses will be paid if required.

Applicants ara invited to send a full career résumé, including salary history and day-time telephone number to Steve Ranger, Executive Selection Division.

Touche Ross
The Business Partners
Abbey House 74 Mosley Street Manchester M60 2AT Tel: 061-228 3458

Congratulations

Newly Qualified ACCA/ICMA

C. London **c.£15,500**

Having qualified, you now have possibly your most important career decision to make. Where to employ your qualificadons to best advantage?

Our client, a major force in high technology, can offer unrivalled opportunities for career development to young accountants.

Rapid expansion dictates that skilled, positive finance men and women be prepared to shoulder extensive responsibility from day one. Opportunides exist in both financial and management accounting functions and job specifications will be tailored to optimise your qualifications and ensure your success.

Contact Patrick Donnelly on 01-222-5169 quoting reference FT/77

tfi The Finance Index
Financial Recruitment Consultants
11 Palmer Street London SW1H 0AB Tel: 01-222 5169/1181

FINANCIAL DIRECTOR

TOUR OPERATOR **LONDON**

Our client is a major specialist tour operetor, the largest in its field, with turnover of £30m from its well-established brand names.

Due to complete reorganisation of its management structure, they now wish to recruit a Financial Director.

Responsibility for all aspects of financial management, and reporting only to the Managing Director, the post will also hold the responsibility for the financial aspects of continuing active expansion plans.

A strong personality, and the ability to communicate et all levels, is an essential prerequisite. This will be a stimulating role and demands stamina, commitment (this is not a 9-to-5 job), a high degree of commercial acumen and the ebility to ensure that corporate objectives are achieved.

The salary package will be highly attractive and will include a motor car.

Please send, in complete confidence, a comprehensive career résumé, including salary history and recent photo, to:
Vincent Mountain
Morgan, Brown & Haynes
89 Fleet Street, London EC4Y 1EB

Morgan Brown & Haynes

Lloyds Bowmaker
Finance Group

Credit Manager

£20,000-£25,000 Edinburgh

Lloyds Bowmaker, one of the U.K.'s leading Finance Houses and a member of the Lloyds Bank Group, provides instalment credit and leasing facilities to customers through a number of operating Divisions and an extensive Branch network.

Reporting to the Credit Director of the Company's Retail Finance Division, this is a new position where you will assist him in planning and managing Credit operations to ensure that underwriting, dealer funding and credit control functions meet Divisional profit objectives.

You will be in charge of approximately 50, mainly specialist, staff and responsible for—

—Underwriting within your own authority in respect of stocking, retail credit, leasing and block discounting.
—The overall underwriting standards of the Department including monitoring the underwriting and rating disciplines exercised within the Branch network.
—All Credit support functions including quality and securities control.

The successful applicant will be aged 35-45, with a strong background in Accountancy and/or Credit Management. Previous experience in a senior management capacity in a finance house or in banking will be an advantage.

The position carries an attractive range of fringe benefits including house mortgage subsidy, profit sharing and personal loan schemes after qualifying periods, a contributory pension scheme, and a company car.

Applications providing full details of salary and career to date should be forwarded to:
A D Orr Ewing, Personnel Manager,
Retail Finance Division,
Lloyds Bowmaker Finance Group,
Finance House, Orchard Brae,
EDINBURGH EH4 1PF.

Finance Director

c£20,000 + car • Manufacturing • Home Counties

A major British group is seeking to appoint a Finance Director to a manufacturing subsidiary which has a turnover of around £10 million.

As a member of the board, the Finance Director will be expected to make a corporate contribution to the profitable development of the company.

The position reports to the Company Managing Director with a functional responsibility to the Group Financial Director.

Applicants should have substantial senior management experience, gained in a manufacturing environment.

Preferred age is 30-45 and prior experience should have included sophisticated costing techniques, monthly management reporting and financial assessments of capital projects. Experience of computerised accounting systems is also necessary.

Benefits include BUPA, life assurance and pension facilities.

Please apply, in confidence, with a brief, relevant c.v. to: Mr C A Brown, Group Personnel Manager, John Holt Group Ltd, 380 India Buildings, Water Street, Liverpool L2 0QF.

JOHN HOLT GROUP LTD

South East Thames
Regional Health Authority

Director of Finance

(Up to £26,241)

The South East Thames Regional Health Authority has submitted a general management structure to the DHSS for approval. This identifies a need for a Finance Director who can advise the Regional General Manager and Health Authority on all financial matters to ensure the most creative and cost effective use of funds within the Region (£800 million revenue and £50 million capital 1985/6).

In addition to providing financial accounting and audit services, your other major responsibilities would include developing funding policies which promote the implementation of health care policies; determining revenue and capital allocations to the Region's 15 Districts and to the Regional Headquarters; monitoring the use of those allocations and developing the financial aspects of management and clinical budgeting throughout the Region. You would also have responsibility for the policy development and management of a comprehensive Regional Supplies service.

The person we seek will be professionally qualified and have extensive financial management experience and be able to provide professional leadership to senior finance staff throughout the Region.

Salary subject to review by the DHSS, is currently negotiable to £26,241.

Application forms may be obtained from the Personnel Department, South East Thames Regional Health Authority, Thrift House, Collington Avenue, Bexhill-on-Sea, East Sussex, tel: 0424 222555 ext 3146.

Closing date: 6th September 1985. Ref: 560.

SE

CORPORATE DEVELOPMENT AND PLANNING

Recently Qualified C.A. **c.£15,500 + Car**

Our Client, a profitable and progressive international manufacturing Group, (*T/O c.£600m.*), seeks a recently qualified Chartered Accountant to join their small and closely integrated Corporate Headquarters on the western outskirts of London as a member of the Corporate Development and Planning Department. Responsibilities will embrace corporate planning, investigations and acquisition studies.

Candidates will have qualified recently with a major firm and possess a good degree and professional examination record. They should also have the maturity and personality to relate to senior management in both UK and Europe, together with a desire to establish a career in industry. Analytical and presentation skills are important.

Confidentiality is assured until the job description has been discussed with candidates. Relocation assistance may be considered; employment conditions include BUPA and a non contributory pension. Please send a detailed resumé of your background and career to include current salary and evening telephone number to Christopher Garfit at:

D. BRYAN ANDREWS ASSOCIATES
Executive Search and Management Selection
St. Martin's House, 29, Ludgate Hill, London EC4M 7BQ.

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MINSTER EXECUTIVE LTD
28 Bolton Street, London W1Y 8HB. Tel: 01-493 1309/1085

Chief Accountant

Top management team in new media enterprise

CableTel is a powerful new force in cable television, backed by the joint resources of the Ladbroke Group, Comcast Corporation of the USA, and Legal and General Insurance. It has already been awarded the cable television licence for the London Borough of Ealing; and is about to embark on the first exciting phase of building a cable television system which will ultimately serve 100,000 homes within the borough.

This position is for an ambidous, young Accountant to join the Chief Executive's Management Team, with departmental responsibility for the accounting and administrative functions of the Company. This is a high-profile role, providing the opportunities to influence and develop computerised accounting systems and financial reporting procedures – virtually from the start of our operations.

Candidates will be fully qualified professionals with at least two years commercial experience and a good background in the development of computerised systems. Interpersonal skills to deal with people at all levels within the organisadoo are essential requirements.

Comprehensive benefits package includes an attractive salary and company car.

Please send full CV, including current salary, to: Personnel Controller, Ladbroke Group PLC, Chancel House, Neasdeo Lane, London NW10 2XE.

CableTel
COMMUNICATIONS LTD

Technology Reporting

Essex **to £25,000+car**

Our clients are a major UK manufacturing group with a £billion+ turnover and interests worldwide. They wish to appoint a qualified accountant to head a small team co-ordinating all board reports, making use of advanced information systems and sophisticated computer support.

Aged in your thirties, you will possess central staff experience gained in a major group, including multi-currency management and statutory consolidations. This is a key role in group information and control and for group contribution to UK accounting policies and practice. Prospects can include line controllership.

For full job description write in confidence to Mark Lockett at JC&P, Selection Consultants, 104 Marylebone Lane, London W1M 5FU, showing clearly how you meet our client's requirements, quoting ref: 9100/FT.

JC&P
John Courtis and Partners

FROM AUDIT TO

ACA

INTERNATIONAL EXPLORATION

As a result of the merger between Kuwait Foreign Petroleum Exploration Company and International Energy Development Corporation we are seeking a recently-qualified Chartered Accountant to join our finance team.

As a member of a small professional group you will have three important responsibilities. You will prepare specialised financial statements for submission to third parties who hold oet profit interests in our exploraöoo concessions. You will assist in the specification of systems designed to enhance internal control. You will be responsible for reviewing compliance with systems and procedures.

You will probably be in your mid to late twenties with up to two years post-qualificatioo experience in industry. It would be preferable, although not essential, if this experience was in the oil industry. You will be familiar with the use of computerised financial systems.

You will report to the Manager of Financial Reporting, except that in relation to your compliance function you will report to the Chief Financial Officer. You will be based in Ewell, Surrey, but you may be asked to work in London as our business expands. Some international travel may be required.

A highly-competitive remuneration and benefits package will be provided.

Please reply in writing with brief career and personal details to:

Jill Dungate
IEDC SERVICES (UK) LTD.
Lower Mill, Kingston Road, Ewell, Surrey KT17 2AF
Telephone: 01-394 1711

Finance Director

(Designate) c £20K plus car

North West Coast **Automotive Products**

Our client is a leading company specialising in the production and distribution of automotive replacement parts. As a newly acquired company within a multinational organisation the primary objective is for rapid and sustained growth. Current turnover is £10-£12m pa.

The Finance Director designate has a particularly wide brief. In addition to responsibility for the finance function he/she will act as company secretary and will be responsible for the development and enhancement of computerised systems. Reporting to the Managing Director he/she will also take a leading role in the general management of the business.

The requirement is for a qualified accountant with substantial experience of the above areas of responsibility. Technical competence is no less important than the proven ability to get things done. Age range 30-50.

The opportunities for personal development and achievement are excellent. The benefits package will be attractive and relocation expenses to this attractive area will be paid where appropriate.

Please apply with full C.V. quoting Ref. BWA/254 to H. Warr, Bryant Warr & Associates Ltd, 21 Albion Street, Manchester M1 5LN.

Please list on a separate sheet any companies to whom your application should not be forwarded.

Bryant Warr & Associates Ltd.

Accountancy Appointments

Financial Manager

London — *c£20,500+banking benefits*

Lloyds Leasing are offering e challenging and rewarding career to e bright accountant who possesses the necessary skills to assume responsibility for the management accounting function.

Ideally the position would suit a graduate accountant in his or her late 20s with some experience of taxation, forecasting and budgeting. Whilst an appreciation of the leasing business and Treasury management would be an asset, greater emphasis will be placed on the capacity to learn the business quickly and to become integrated into the management team.

As an employee of the Lloyds Bank group, prospects and the remuneration package are excellent. The opportunity exists to develop your career with the Bank and to maximise your potential. In addition to the progressive salary there is a pension scheme, profit share, mortgage subsidy, preferential loans facility and private medical care.

If a career in the *Financial Services Sector with our client appeals to you* please apply in confidence to
Barrie A. Whitaker,
Executive Selection Division,
Price Waterhouse, Southwark Towers,
32 London Bridge Street, London SE1 9SY,
enclosing a full CV and
quoting reference MCS/5035/A.

Price Waterhouse
Business Needs Experts.

NEWLY QUALIFIED

ACCOUNTANCY APPOINTMENTS

The Financial Times has arranged with the Institute of Chartered Accountants co publish a list of those candidates who were successful in the recent Part II examination.

We propose to publish the list in our issue of Thursday, September 26, which will also contain several pages of advertisements under the heading of "Newly Qualified Accountancy Appointments." The advertising rates will be £37.00 per single column centimetre. Special positions are available by arrangement at premium rates of £44.00 per scc. Newly Qualified Accountants, especially Chartered, are never easy to recruit —don't miss this opportunity.

For further details please telephone:
Louise Hunter
on 01-248 4864

Financial Times
EUROPE'S BUSINESS NEWSPAPER

ema

Financial Manager

City

c. £20,000 + Mortgage + Benefits

Our client is a leading insurance group with exciting development plans to cater for the increased demand for wide ranging financial services.

The main thrust of this development will be through their Life division which already produces over £600 million p.a. in investment and premium income.

Reporting to, and working closely with, the divisional Head of Finance, the successful applicant will supervise a team of 15 responsible for the whole of the financial accounting function. However, it should be stressed that the day to day routine is currently well controlled and so the skills sought will be those concerned with the development of financial and management reporting systems, staff motivation and commercial judgement. Consequently, the ideal candidate will have gained experience (either within commerce or public practice) of insurance, investment or of financial institutions.

Prospects are excellent and are not restricted to this initial field. In addition to the base salary, the package offers generous benefits including subsidised mortgage; non-contributory pension, life assurance and P.H.I; company car scheme; BUPA; etc.

Please write, enclosing a career/salary history and day-time telephone number to Richard Norman FCA, quoting reference I/2316.

EMA Management Personnel Ltd.
Halton House, 20/23 Holborn, London EC1N 2JD
Telephone: 01-242 7773 (24 hour).

Chartered Accountant

City

to £17,000 & benefits.

Our clients are a small, profitable and independent research house providing unique statistically based investment and financial analysis services to leading merchant banks, industrial companies, fund managers and credit insurance houses. They seek an exceptional Chartered Accountant to develop their microcomputer based services to clients. The strengths of the business lie in its products, services and academic research base.

Candidates, in their 20s, will possess a good degree, a first time examination record, substantial experience and developed interest in microcomputer applications. The appointee will work closely with the M.D. expanding this side of the business. Personal qualities should include self motivation, organisational ability, analytical and communication skills. The company offers an exceptional rewards package geared only to the most able.

For full job description contact in confidence Mark Lockett at JC&P Selection Consultants, 104 Marylebone Lane, London W1M 5FU (01-935 9011), showing clearly *how you meet our client's requirements, quoting ref.* 9105/FT.

JC&P
John Courtis and Partners

Finance Director-Designate

Manchester — *c£20,000+car*

Our client, a profitable, publicly quoted manufacturing group with e turnover of £20m in a fast moving business serving the retail sector, wishes to appoint a commercially orientated Chartered Accountant as Financial Director - Designate.

The position represents a first class career opportunity leading to a Financial Directorship within eighteen months based on performance.

Reporting to the Managing Director, the successful applicant will assume responsibility for all accounting and management reporting activities. As a key member of the management team, he/she will be expected to contribute to the commercial management and continued expansion of the Group and to develop the existing relations with financial institutions and advisers.

Candidates, aged around 30, should be able to demonstrate a track record of proven technical expertise which has been followed by recent achievement within an industrial environment. They will also need to demonstrate presence, personality and strong communication skills.

An attractive salary and benefits package is offered. Relocation expenses will be provided if appropriate. Please write providing full details, and quoting reference FDS 590 to:-
Roy Davies,
Executive Selection Division,
Price Waterhouse,
York House, York Street,
Manchester M2 4WS.

Price Waterhouse
Business Needs Experts.

Chief Accountant

Welwyn Garden City

c£18K+car+up to 15% bonus

Loctite UK Ltd is a subsidiary of the US corporation which leads the world market *in specialist industrial and domestic high tech chemical products*, the UK operation is profitable and experiencing growth. Our client seeks to appoint a qualified accountant to assume responsibility for the complete accounting function, which is based in Welwyn Garden City.

Reporting to the Financial Controller and having a team of around 14, you will be responsible for financial and management accounts, management reporting, cost accounting and forecasting.

The position will suit a qualified accountant with at least 3 years line experience in the key *areas of responsibility, it is highly* likely that this will have been gained with a US multinational. Experience of computerised systems is essential.

The rewards package includes a salary of around £18,000 per annum, a bonus of up to 15%, a high quality, fully expensed car and private medical cover.

Candidates should apply in confidence,
enclosing a full CV, to Barrie A. Whitaker,
Executive Selection Division, Price Waterhouse,
32 London Bridge Street, London SE1 9SY, and
quoting reference MCS/5041/A.

Price Waterhouse
Business Needs Experts.

INTERNATIONAL COMMODITY
TRADING COMPANY
BASED IN THE CITY

CREDIT DESK ASSISTANTS

Salary £14,500—£16,000 plus Benefits

We are currently seeking to recruit two Credit Desk Assistants to assist in the control of Credit and Exposure arising from an expansion of the commodity trading ectivities of our London Office. Duties will includa review and evaluation of information on customers; monitoring of physical contracts; ad hoc projects in credit-related areas; liaison with traders and preparation of reports for management.

Applicants should be aged between 25-34 and have a sound accounting knowledge (ACA, ACCA finalist or a suitabla banking background). Previous credit-related experience would be a distinct advantage.

Interested applicants should apply in writing with a full curriculum vitae to:

Box A9105, Financial Times
10 Cannon Street, London EC4P 4BY

APPOINTMENT OF CHIEF ACCOUNTANT/SECRETARY
HARTLEPOOL TRANSPORT UNDERTAKING

INITIAL SALARY RANGE AS CHIEF ACCOUNTANT
£15,111-£16,194

SALARY RANGE FOR SUCCESSFUL APPOINTMENT AS COMPANY SECRETARY
£17,500-£19,000

Applications are invited for this SENIOR MANAGEMENT POST within the Hartlepool Transport Undertaking.
The successful applicant will be responsible to the General Manager for the full financial working of the Undertaking.
Immediate duties will include ensuring the financial viability of the Undertaking prior to the enactment of the Transport Bill and preparing and submitting to the General Manager all the necessary documentation involved in deregulation.
The Chief Accountant will also be responsible for a full accounting system including computerisation to cover all aspects of the Undertaking's operations.
An important factor will be the preparation of full statements of account and balance sheets as required by the Companies Act.
It is also envisaged that the successful candidate will be designated the Company Secretary following the implementation of tha Transport Act. Appointment as Company Secretary will be subject to satisfactory performance.

Application forms can be obtained from the Personnel Officer, Hartlepool Transport Undertaking, 1 Church Street, Hartlepool, Cleveland, by whom theyy should be received together with a full C.V. not later than 2nd October 1985.

Assistant Financial Controller

West of Scotland — *£18,000-£20,000*

Our client, The Caterpillar Tractor Company Limited, has two manufacturing *operations within the UK, based at Uddingston, West Scotland and Leicester.* Its succession planning programme shows the need to provide a Financial Controller for all UK manufacturing operations in 1987. Accordingly, it is seeking to recruit a dynamic and commercially orientated professional for the position of Assistant Financial Controller.

After three months familiarisation of the UK operation the successful candidate will be required to undertake twelve months training within the organisation's North American facilities before returning to the UK appointment. Suitable candidates will be eged between 35 and 45, qualified in accountancy with a successful record of financial control gained in industry and a proven track record. A working knowledge of data processing concepts and technology, and the operation of Customs and Excise tariffs are also requirements.

In addition to salary and full benefits there are realistic opportunities to progress to Financial Controller within two years.

Candidates should apply in confidence, enclosing a full C.V. including present salary and quoting MCS/GLA/0712 to:
Executive Selection Division, Price Waterhouse,
St. Andrew House, 141 West Nile Street, Glasgow.

Price Waterhouse
Business Needs Experts.

FINANCIAL MANAGER

Young expanding group involved in the offshore subsea and salvage industry requires go-ahead and imaginative Financial Manager. This individual should be a qualified Chartered Accountant with at least three years' business experience. He should be capable of not only controlling the accounts of the three group companies for which he will have the ultimate responsibility, on the one hand, but also for general fund raising purposes, be able to liaise with the company's varied investors on the other hand. Although he will be based in Aberdeen he should also be prepared to spend a fair proportion of his time away, particularly in the group head office in London.

Salary commensurate with experience

Applicants should apply with curriculum vitae to:
Managing Director
CONSORTIUM SALVAGE LTD.
134, Lots Road, London SW10 0RJ

Treasury Management - £20 billion pa
CAN YOU HELP?

The Electricity Council manages tha Treasury function on behalf of the C.E.G.B. end Area Electricity Boards in England and Wales. You will join e small team responsible for this work, which includes, forecasting tha Electricity *Supply Industry's cash requiremants, raising its funded* and temporary borrowings, servicing existing loans, the management of cash flow and the calculation of actual and projection of future interest cherges.

The work is both demending and interesting. You will have commercial acumen, the ebility to communicate effectively, both orally and in writing and must be capable of meeting tight deadlines. A recognised accountancy or banking quelification is desirable.

A commencing salary ebove tha minimum of tha scale £11,525 to £13,998 pa inc. can be negotiated.

Please write in confidance giving details of career to date end present salary, quoting reference 60/FT, to:
David Webb, Recruitment Officer, The Electricity Council, 30 Millbank, London SW1P 4RD.

The Council has an equal opportunity policy and welcomes applications from disabled people.

ELECTRICITY COUNCIL

CHIEF ACCOUNTANT

for the CHARITIES AID FOUNDATION which continues to expand the range of financial services it provides for the voluntary sector. Located at Tonbridge, the appointment requires an accountant with a successful record of managing complex accounting processes using computers. Experience in investment and *money market transactions* will be an advantage.

Preferred age under 50. Salary up to £14,000.

Please send personal details in confidence to:
Geoffrey Elms, CHARITY APPOINTMENTS,
146 Queen Victoria Street, London EC4V 4HN.

Charity Appointments

International Appointments

GRADUATE ENGINEER

HARRIS CORPORATION, an American electronics company, is seeking a graduate engineer for a large HF communications project in Northern Europe. Duties will be in the following areas:

★ testing equipment in a field environment
★ generating test document
★ producing schematics
★ verifying site installations

Base will be Oslo, Norway with European travel involved. An amiable character and clean record necessary. British or American birth required.

Send written application with resume to:

HARRIS CORPORATION
Attn. Mr. Joe O'Conner
Oslo Program Management Office
Ovre Slottsgate 12B
0157 Oslo 1, Norway

FINANCIAL ACCOUNTANT
MANAGEMENT ACCOUNTANT

Quorum produce mail order catalogues on behalf of the major U.K. credit card companies. Substantial growth has created the need for two Finalist/Qualified Accountants to provide financial control and management information.
The Financial Accountant will manage the day-to-day accounting and Treasury functions.
The Management Accountant will prepare detailed monthly management accounts, budgets, performance analysis and other management information.
Applicants must be hard working and have sufficient initiative and experience to improve systems, controls and the quality of information. You must be able to fit into a small aggressive management team who are dedicated to the continued growth and success of the Company.

Please apply in writing, with curriculum vitae, to:
The Financial Director
QUORUM LIMITED
Edison Gate, West Portway, Andover, Hants., SP10 3LF

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01-723 1824

GUIDE TO RECRUITMENT CONSULTANTS

The Financial Times has arranged with the Institute of Chartered Accountants to publish a list of those candidates who were successful in the recent Part II examinations. We will be including in this feature "The Newly Qualifieds' Guide to Recruitment Consultants."

Entries in the Guide will be charged at £55 which will include company name, address and telephone number. Extra lines will be charged at £11 per line.

For further details please telephone:
Louise Hunter on 01-248 4864

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Telephone: 01-248 8000

Thursday August 22 1985

The other war in space

WITHIN THE next two weeks, the U.S. will conduct the first live test of its air-launched anti-satellite missile. The Soviet Union already has the ability to blow low-level satellites out of orbit. The U.S. says it is getting even—albeit with a weapon that promises to be far more flexible and swiftly deployable than Russia's lumbering space mine.

Sadly, it is unlikely that the two superpowers will agree to call it quits at this point by agreeing to a treaty banning the testing and deployment of still more powerful and sophisticated anti-satellite systems.

The U.S. has described Soviet calls for a freeze on anti-satellite testing as "disingenuous." The thesis that the U.S. cannot afford to negotiate arms controls until it "catches up" with the USSR is now established as a leitmotiv of the Reagan administration, justifying continued atomic weapons testing and even SDI research. Moreover, Paul Nitze, the U.S. administration's senior arms control adviser, publicly admitted his scepticism, in February, as to whether a significant and verifiable anti-satellite weapons ban was achievable.

Stand-off

Public opinion, whether in the U.S. or Europe, has not really woken up to the nature of the arms race that looms here. It does not immediately concern nuclear weapons, and it is overshadowed by the distant visions of SDI in which space-based beam emitters or beam reflectors are taken for granted, and are chiefly questioned for their possible impact on the balance of nuclear terror.

What is at imminent risk is a stand-off in which the military reconnaissance and communication satellites of East and West, to say nothing of large numbers of satellites which perform the same functions for entirely peaceful, wealth creating purposes, remain above any fray. This immunity of satellites is a source of immense re-assurance to both super-powers. Each is able to monitor the military build-ups and dispositions of the other. Lines of communication remain relatively assured so that nuclear war through misunderstanding or ignorance is made less likely.

If the West draws up a purely selfish balance sheet, it will probably find this immunity of particular value. As a widely-scattered alliance, rather than a monolithic pact it depends greatly upon satellite communications to hold it together. As an avowed non-aggressor it has no immediate need to blind the surveillance systems of the other side, and wants to keep its own functioning. Set against this is great sensitivity in Nato's navies about Soviet satellite systems which pin-point their surface fleets.

The anti-satellite systems so far developed threaten only fast moving, low orbit satellites between 150 and 300 km above the earth. It is still not too late, therefore, to move towards a complete ban on the testing and deployment of anti-satellite weaponry aimed at high orbit satellites and, in particular, those in the important geo-stationary orbit 23,000 km out. Closer to the earth, the superpowers could restrict themselves to one type of anti-satellite weapon system each. Deployment and quantities are very difficult to monitor, but the live testing of new systems is not.

Strategic instability

A big problem for the U.S. Administration is that the ideal of an orbital space kept free of offensive weapons is not compatible with some of the grander versions of SDI. Yet SDI remains a distant project, very much in the research phase, and heavily constrained beyond that by the ABM treaties.

We are on the brink of an anti-satellite arms race right now. If an inexorable spread of modern war into space, with attendant strategic instability, is to be avoided it is vital that the U.S. Congress, the Nato allies and any Warsaw pact member brave enough to speak up, maintain the pressure on the superpowers to construct an arms control agreement in this area at their negotiations in Geneva.

Farsightedness versus violence

MR RAJIV GANDHI has moved fast to solve his country's problems. His critics say too fast. They may point to the assassination of Sant Harchand Singh Longowal, the moderate Sikh leader who signed last month's Punjab accord, as evidence of this.

Sant Longowal's death is certainly a major setback to peace in Punjab. The agreement is now in danger and there must be some doubt as to whether next month's state elections there can be held peacefully.

Above all the killing underlines the depressing fact that a handful of extremists can undermine the best laid plans.

Mr Gandhi should not, however, be deterred from finding solutions to the subcontinent's sectarian problems, because without political stability economic progress through reform—his main objective—will fail. He should therefore persist with his Punjab accord, which is fair and commands widespread support among Sikhs.

He should also press ahead with his plans for the north-east state of Assam where an agreement was also signed last month to end more than five years of turmoil.

The Indian Government is simultaneously trying to find a solution to the ethnic conflict which has brought Sri Lanka to the brink of civil war. It should push ahead because with every day that passes and with every new atrocity feelings become more inflamed and a compromise more difficult to reach.

Mr Gandhi has brought all sides together in Thimpu, capital of the Himalayan kingdom of Bhutan, in what could prove to be Sri Lanka's last chance of a peaceful settlement.

Sectarian war

Since the July 1983 riots which sparked the current round of violence, India has played a central role in trying to reconcile the long-standing differences between Sri Lanka's Buddhist Sinhalese, who form the majority, and the largely Hindu Tamils some of whom want their own state but most of whom would settle for substantial autonomy in their heartlands in the north and east of the island.

An agreement in Sri Lanka is important for India because a sectarian war there could spill over into the southern Indian state of Tamil Nadu where Mr Gandhi's ruling Congress (I) is opposed by strong regional forces.

Until recently the government of President Junius Jayawardene resisted making substantial concessions to Tamil grievances. All that is effectively on offer were district councils in the north and east of the island with minimal powers.

President Jayawardene has been able to stand firm because of two factors. First the Tamil guerrilla groups operating out of their bases in southern India had yet to make a major impact on the security situation. Second, Sri Lanka's Western aid donors were willing to be patient. All that has now changed dramatically. The military situation has worsened perceptibly and the Sri Lankan army has lost the initiative. As a result the Western aid group, which has watched with alarm as government arms purchases over the past six months have increased sevenfold has, in effect, given President Jaywardene an ultimatum: "Reach a political solution or aid will eventually dry up."

Delicate judgment

President Jaywardene must now come up with proposals which most of the Tamil groups would find acceptable. India must keep up the pressure until that happens. This means finding a satisfactory compromise to the two questions at the heart of Tamil demands—territory (how big will the basic administrative unit of devolution be?) and (what powers will it have?).

Mr Gandhi has said that a solution which he can back—one, in other words which he can sell to his own 50m Tamils—must include "meaningful and substantial devolution of power." This almost certainly means giving Tamils in Sri Lanka their own provisional councils and power to decide their own fate in the field of language, land distribution, education, local police recruitment and the judiciary. Nothing less is likely to do. Anything more, however, could wreck the chances of an agreement by provoking a Sinhalese backlash. It is a delicate judgment.

The lessons of the Punjab notwithstanding, what is required is an ambitious package which has India's backing, which the main Tamil groups can commit themselves to and which Sri Lanka's Sinhalese majority may find painful in the short run but which, in the long run will ensure their nation's and therefore their own survival.

ECONOMIC VIEWPOINT

Lies, damn lies and statistics

By Samuel Brittan

FIGURES cannot lie, but they often do not tell the truth. Many of us listening to rival politicians, citing statistics about the growth performance of different countries under different governments, must have wondered what the numbers really meant.

We all know that the Gross Domestic Product estimates tell us very little about many important aspects of living standards. They do not show leisure, let alone distinguish between voluntary and involuntary leisure. They do not record output outside the effective cash economy, whether traditional housework and do-it-yourself, or the activities of the "underground" economy. They do not take account of noise, pollution, time spent in traffic jams or the decay or improvement of the environment, except to the extent that the latter is reflected in property rents. All we can hope is that the published GNP figures move in at least the same direction as a more comprehensive indicator would.

Even taken at face value, and forgetting wider considerations, the published growth figures can be extremely misleading. To begin with there are three different measures of GDP:

(a) The *expenditure* measure, i.e., the total of all spending on the outputs of the national economy.

(b) The *income* measure, i.e., the total of all incomes earned from producing goods and services.

(c) The *output* measure, i.e., the total of all output.

In principle, these are three ways of looking at the same magnitude and should lead to the same result. But measurement errors of various kinds lead at times to quite big discrepancies.

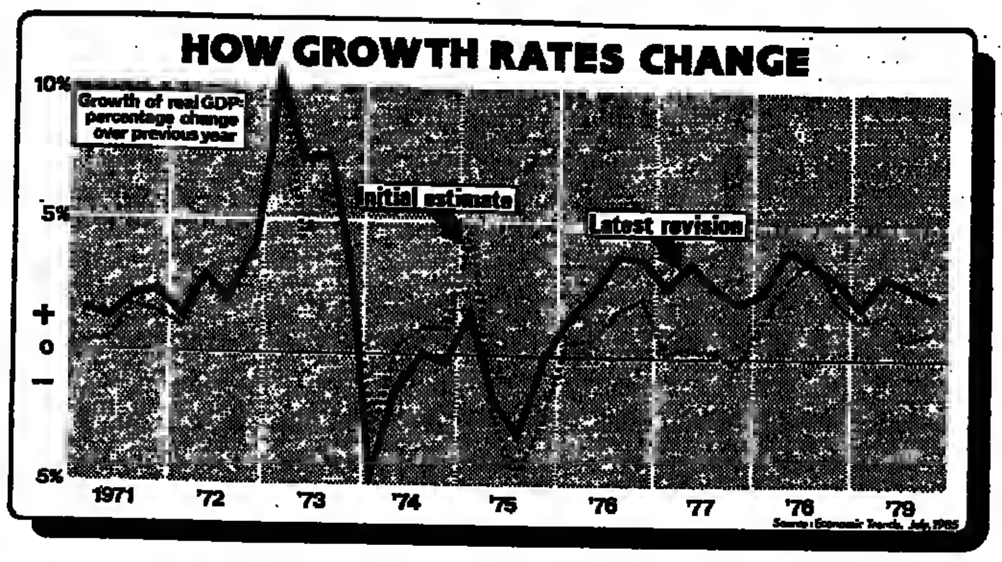
For instance, the output measure of British real GDP rose in 1984 nearly twice as fast as the expenditure measure—by 3.7 per cent compared with 1.5 per cent. The income measure grew at the intermediate rate of 2.7 per cent.

The Central Statistical Office (CSO) tries to overcome this difficulty by using an average of all three measures, known as GDP (A)—the "A" standing for average.

The GDP can be expressed for growth rate purposes either at the prices current in the period to which the measures refer or it can be revalued at the price of some constant base year.

The former measure is often known as Nominal GDP and has frequently been put forward in these columns as the magnitude which governments should try to influence by their overall policies; and it did indeed appear fairly prominently in the 1985 Budget Red Book as an ultimate yardstick for monetary policy.

But the measure which is normally used for purposes of "growth leagues," tables and the like is the GDP at constant prices, from which the effects of inflation have in principle been eliminated to give a picture of what Mr Denis Healey used to call "the real economy."



Chris Walker

British officials normally measure growth rates by comparing the present quarter with the same quarter a year ago. This comparison is less responsive to recent changes than the way the Americans, for instance, usually measure growth rates, which is to compare the latest quarter with the one immediately preceding and then annualise. But the British method is less prone to the irregular and often meaningless variations by which the American growth rate seems to shoot up and down in successive quarters.

Now comes the place to fasten your safety belt. For even after all the precautions just outlined, the estimates of the growth rates achieved in a particular period are frequently revised long after the period in question. So the first published estimate is often very different from that which will appear in the history books.

The most recent quarter for which we have the CSO's favoured "average" measure of GDP is the first quarter of 1985. When initially published, this showed a real growth rate of 2.9 per cent. This estimate will itself be revised 20 times in successive quarters over the five years following initial publication, before the CSO calls it a day.

On average, British growth rates have been understated; ie the British have overestimated their economic ills by the use of an erratic and over-pessimistic thermometer, although it is the best that the instrument makers can produce.

The effect of the final revision has been, on average to raise the initial growth rate estimate by 0.8 percentage points per annum. Such an addition would raise the growth rate recorded in the first quarter of 1985 to 3.7 per cent.

Unfortunately, revisions do not follow a regular pattern and considerable variation is likely. The typical spread of revision has been from —0.6 per cent to +2.2 percentage points. However, on a third of the occasions, the revisions have gone outside even this broad band.

These are much bigger revisions than might appear from the bare percentages. The typical UK annual growth rate over the last few decades has been around 2 per cent. So the range of normal revisions — leaving out extreme cases — is nearly 1½ times the growth rate of a typical year.

The practical relevance of these revisions is shown in the chart. The recessionary forces developing in 1974-75 after the Three-Day Week and the Yom Kippur War were much understated by the initial estimates. But so was the subsequent recovery. In 1977, the year after the Labour Government's deal with the IMF, the growth rate as initially published appeared close to zero. We now "know" that it was a healthy 3 per cent. For the whole Callaghan period the growth rate was understated by about half — initially appearing to average around 1½ per cent per annum whereas we now know it was 2½ to 3 per cent.

What has been the Thatcher experience? Incredibly enough, we do not really know as figures going right back to 1980 are still being revised. But on the basis of incomplete revisions shown in the table, the pattern seems broadly similar. The depth of the 1980 recession was slightly underestimated. But the extent of the initial recovery in 1982 was understated by even more. The average growth rate in 1982 was originally thought to be 1 per cent. It now appears to be over 2 per cent; and the revisions are still coming in.

A small part of the reason for the revisions is that the base year for constant price corrections is shifted forward every five years. The base year now used is 1980, when the structure of output was clearly very different, because of oil and other factors from the earlier base year of 1975. Nevertheless, most of the revisions are due not to rebasing, but to the flow of new and revised information. For instance, profit figures are not available until long after the quarter to which they relate and have initially to be inferred from other data.

GROWTH RATES THEN AND NOW

Estimates and ranges for growth rates of GDP at constant price

		First publication Estimate	Range		As at April 1985 Estimate	Range	
1980	Q1	0.7	0.4	2.4	2.2	—	
	Q2	−3.2	−3.5	−1.5	−2.9	−3.1	−2.4
	Q3	−2.7	−3.0	−1.0	−4.0	−4.2	−3.5
	Q4	−4.3	−4.6	−2.6	−4.7	−4.9	−4.2
1981	Q1	−3.8	−4.1	−2.1	−3.7	−3.9	−3.2
	Q2	(1)	(1)		−2.7	−2.9	−1.9
	Q3	(1)	(1)		−0.7	−0.9	0.1
	Q4	0.3	−0.0	2.0	1.4	1.2	2.2
1982	Q1	0.6	0.3	2.3	1.9	1.7	2.7
	Q2	1.1	0.8	2.8	2.7	2.4	3.7
	Q3	1.2	0.9	2.9	2.1	1.8	3.1
	Q4	1.2	0.9	2.9	1.7	1.4	2.7
1983	Q1	2.3	2.0	4.0	2.5	2.2	3.5
	Q2	2.7	2.4	4.4	2.2	1.9	3.5
	Q3	2.9	2.6	4.6	3.6	3.3	4.9
	Q4	3.5	3.2	5.2	3.8	3.5	5.1
1984	Q1	2.7	2.4	4.4	3.3	3.0	4.6
	Q2	2.9	2.6	4.6	2.4	2.1	4.1
	Q3	1.5	1.2	3.2	1.9	1.6	3.6
	Q4	2.4	2.1	4.1	2.4	2.1	4.1

(1) The usual first estimates for these periods were not produced because of a Civil Service dispute.

The approximations and revisions are intrinsic to the subject matter and the CSO statisticians themselves draw attention to them, for instance in a special study in the July 1985 *Economic Trends*, from which most of the information in this article is taken. They point out, with some justice, that many other countries delay or suppress revisions, while it is British practice to incorporate them at the earliest possible date.

Some tentative pattern can be found in the revisions. They are larger and most likely to be upwards in periods of expansion than recession. Revisions appear to be lowest when inflation is accelerating—a bizarre finding, heavily influenced by the 1974-75 experience.

The CSO does intend, how-time being, risk making a provisional addition to newly published growth rates to allow for probable under-recording. Although such an allowance is now made in the index of the production industries, the National Institute—which is not known for its optimism on growth prospects—thinks that this is inadequate and that manufacturing output is still being understated.

The SCO does intend, however, to publish the next GDP figures with ranges indicating the margins of uncertainty, which will be higher on the upward than on the downward side.

Statistical underestimation may well have exaggerated the recent "shock horror" official figures which show manufacturing costs per unit of output rising by 6.8 per cent per annum in the UK compared with 2 per cent in the U.S. and falls in Germany and Japan. Not only is manufacturing output, and thus productivity, almost certainly understated. But pay per head is probably exaggerated because the official earnings indices—based primarily on union-negotiated rates—do not allow fully for the increased use of sub-contractors, workers on temporary contract, and other devices to reduce labour costs. None of which is to suggest that cost performance has been good.

"Don't worry—they'll be much improved by the time I retire in five years"

On the wider subject of the GDP estimates, it is tempting to shrug all the growthmanship off by saying: "The difference between a 2 and 3 per cent growth rate—which is an average over many industries and activities—is too abstract to be perceived by citizens. Would Mr Callaghan have been returned in 1979, despite the winter of discontent, if people had known the true growth rate? Or will Mrs Thatcher recover in the polls if she succeeds in convincing people that Britain has had historically rapid growth rates since 1981? People are interested in more homely variables like prices, unemployment and oddly enough, sterling."

Yet to dismiss growth rate estimates altogether, and to look only at jobs, prices and currency rates is to go much too far. After all, a sufficiently spectacular rise in total output would enable those at work to compensate the unemployed for the absence of jobs and still be better off.

The public dislikes instability and uncertainty—whether about inflation in the 1970s, or about job prospects today. But growth is valued too—as can be seen by interest group demands which would quickly exhaust the national product if any government foolishly tried to satisfy them all.

What is tendentious about the strings of statistics which Ministers are being requested to hurl at their critics is that they start in 1981, the bottom of the recession. The only reasonable comparison is between the last complete economic cycle, 1973 to 1979, and the period since then.

On such a six-yearly view, and allowing for revisions, there is almost no difference between the growth record of the Thatcher years and the period which went before.

So there is not much to choose between successive administrations on growth; and the uncertainties of inflation been replaced by the uncertainties of unemployment.

So if the Thatcher Government is to make a convincing appeal at the next election, it must either persuade people of a genuine improvement still to come in its third term or—more convincingly—worry them about the prospect of a Labour Government still wedded to union power, the envious levelling down variety of egalitarianism and a preference for collective over individual decisions.

But unless and until the Conservatives give priority to electoral reform, they will seem more interested in maximising the (small) chance of a third administration of their own than in minimising the chances of a majority Labour Government. Who, then, really cares about avoiding the Road to Serfdom?

Political figures

August is the month when junior ministers get a chance to shine. Their bosses are away on holiday; and newspapers have plenty of space to fill.

And with the autumn reshuffle looming, the more ambitious of the understudies have been quicker than usual to try to grab attention.

First it was Norman Lamont, industry minister—the subject of some rather unwelcome publicity earlier in the summer. He seized on last week's wholesale price figures to issue a long statement trumpeting the Government's recent successes on the inflation front. Journalists could never remember a ministerial statement accompanying such arcane data before, but it got Lamont a few column inches.

John Moore, number three at the Treasury and another candidate for promotion, has gone one better, though. His cue for action was the publication this week by the Central Statistical Office of the even more obscure cyclical indicators.

Men and Matters

The CSO, itself, said it was perplexed by the indicators which have long been giving confusing signals about the outlook for the economy. But Moore was undeterred.

A long statement from the Treasury, under his name, suggested that they confirmed the Government's successes in everything from curbing strikes to boosting investment.

I hope Mrs Thatcher is finding time in Austria to read of such loyal labours.

"This international award — I always thought the Government proceeded by accident rather than design."

Away days

Philip Morrell has more reason than most British travellers to worry over the threat of a national rail strike.

For, at 9.15 am sharp on platform 6, Charing Cross Station, on September 15, he hopes to see the culmination of five years of planning as a special trainload of 110 people leaves for China.

Morrell, aged 41, managing director of the travel firm Voyages Jules Verne, has already secured a comfortable corner of the travel market for his business by offering exotic train and sea journeys to far-flung corners of the world.

His excursion from Charing Cross to Chang'An, China, is intended to be the world's greatest train journey.

It will take 45 days and use ten chartered trains provided by railways along the route. Many will be hauled by steam engines.

The planning has even involved mobilising local fire brigades to provide water for the engines. The travellers, who have paid £3,599 each for their through tickets to China, will spend most nights sleeping in local station hotels. And they can look forward to being entertained by at least 28 brass bands, before they fly home.

"It's a piece of theatre" says Morrell. But at just 50p a mile clearly resolute travellers have also seen the trip as a rare bargain. All tickets to Chang'An were sold out within a week of being offered. Morrell is already planning two more trips next year.

City gents

Whitehall-watchers are wondering why, seven months after the Government announced it would set up a new British Space Centre, nothing more has been heard of this brave venture.

Geoffrey Pattie, minister for information technology, told the world that the Government would co-ordinate the country's efforts in space technology with a new centre. It was probably to be based in Farnborough, the home of the defence ministry's Royal Aircraft Establishment.

What then is causing the delay? The official word is that the Government is finalising a discussion document on publicly financed R and D before actually setting up a space shop in Farnborough.

My mole tells me, however, that the real reason for the hold-up is that the civil servants who look after space matters at the Department of Trade and Industry in London and the Science and Engineering Research Council's Rutherford Appleton Laboratory, near Oxford, are kicking up a fuss about making the move to the wilds of Surrey.

Air-lift

Canadian Prime Minister Brian Mulroney, facing criticism for allowing the state-owned oil company Petro-Canada to expand its operations, this week gave private enterprise an unexpected lift.

Mulroney wanted to set an example to his Cabinet ministers by flying from Toronto to Vancouver aboard a commercial Air Canada flight rather than the Government jet he normally uses. But shortly before he was due to depart, the state-owned airline's flight attendants walked out on strike.

Air Canada has kept flying by putting into operation an emergency plan which has involved training several hundred of its other employees and a group of university students to serve drinks and demonstrate safety procedures.

But Mulroney, perhaps remembering his former career as a labour negotiator, refused to cross flight attendants' picket lines at Toronto airport.

He flew to Vancouver, instead, with CP Air Canada's largest privately-owned airline.

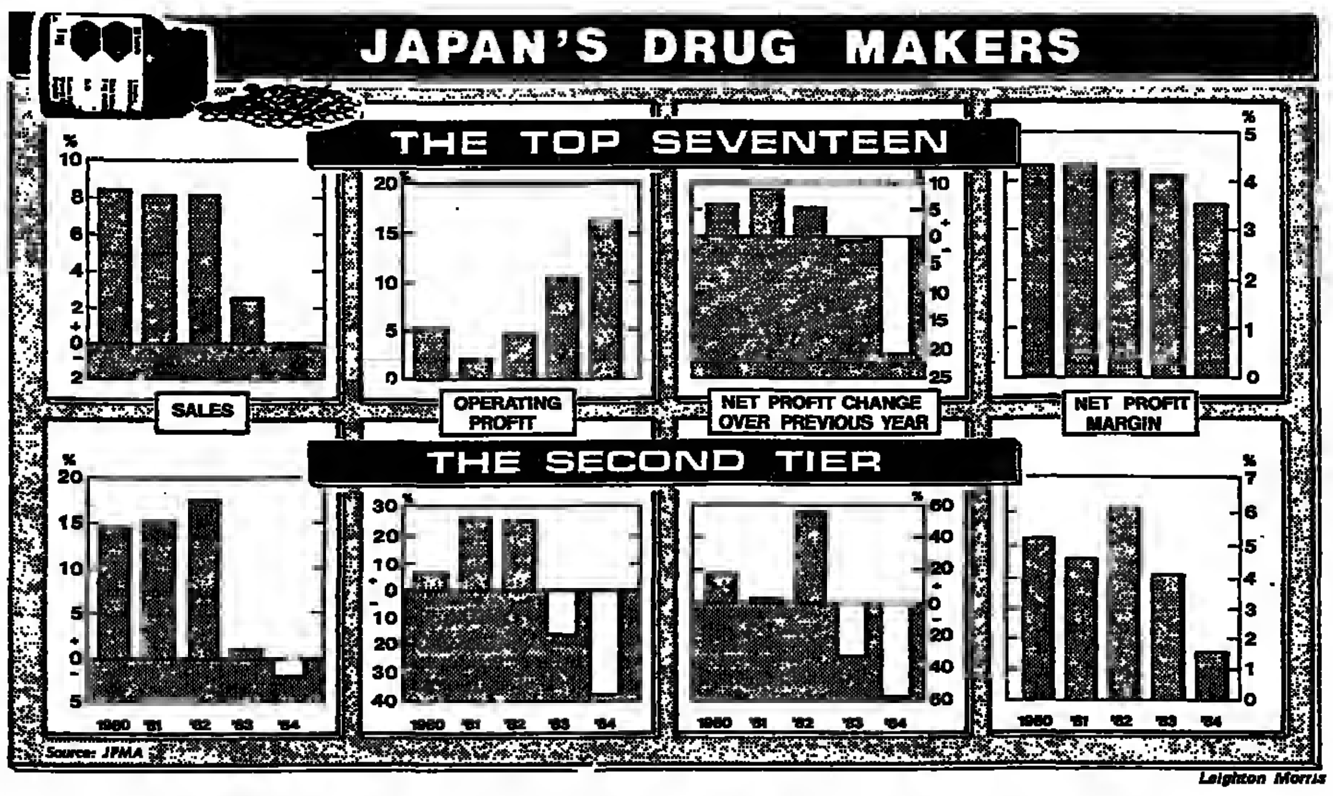
Bombshell

Television has been recalling these past few days many of the deep and conflicting emotions that surrounded—and still do—the dropping of the first atomic bombs on Hiroshima and Nagasaki.

Some, it may also be recalled, took a more dispassionate view of the events. The late Ian Macpherson, friend of Maynard Keynes and for many years senior partner of stockbrokers Buckmaster and Moore, wrote every fortnight of the war to Eric Ivory, then running Ivory and Sime while his elder brother, Basil, was on active service.

Macpherson gave his views on the current war situation and its implications for investment decisions. His comment on the current war situation and its implications for investment decisions. His comment on the atomic bomb was: "How attractive are Vickers Ordinary now that the atomic bomb has apparently made obsolete the greater part of the things they manufacture?"

Observer



Leighton Morris

An industry with its own bitter pill to swallow

By Carla Rapoport in Tokyo

JAPAN'S market for cars is the second largest in the world. Indeed, the country's car industry is the world's most productive, with exports accounting for more than 50 per cent of domestic production.

Japan's market for pharmaceulicals is also the second largest in the world, wilh sales of around $17bn a year. But lhe parallel ends there.

The story of why Japanese pharmaceutical companies will not be making big lnroads into Western markets until the next century or beyond has implications for more than just drug companies. It ia a story wbicb again flies in the face of the notion of Japan Inc, a smoothly-oiled partnership between goveroment and business.

First, take e look at Japan's drug industry. Exports of drugs account for less than 3 per cent of the industry's outpnt, an extraordinary showing in today's byper-tense era of trade friction between Japan and everyone else. Even Japsn'a textile industry exports about 25 per cent of its output and its fishermen manage to sell 10 per cent of their catch overseas.

Further, the Japanese drug industry is one of the most fragmented in the world. No single Japanese company has more than 7 per cent of the domestic market. Instead, about 60 companies have sales of more than $1m a year; in the UK, witb half tbe population, only 12 firms bave $1m turnovers.

Japan's drug industry is also grossly over-manned. It supports one salesman for every two doctors in the country. In the UK, the figure is one for every five.

But perbaps most important, Japan's drug companles have come to the researcb game rather late. Spending is now increasing, but Jepan's Pharamceutical Manufacturers Association points out that spending by eacb of the top 15 U.S. and Europeen drug companies on R and D last yeer was six times thet of the top 15 Jepanese firms. Hitechi, the electronics giant, spent more on R and D last year than the entire Jspanese pharmaceutical industry put together.

What bappened? Japan's industry is e child of the country's indulgent government-sponsored health insurance scheme. Until recently, tbe Government merely paid the prices asked by local drug firms. Doctors, meanwbile, beefed up their salaries by keeplng the difference between manufacturers' price dlscounts and the official government drug prices. The system meant, lronically, that drugs with the highest prices received the best salea as they offered the hest profit margins for the doctors.

This system has created an artificial market for drugs, one where price as opposed to efficacy was often paramount in a doctor's mind. As a result, a uniquely Japanese drug market has sprung up, one in which, for example, anti-cancer drugs outnumber all other therapeutic categories. Almost none of these cancer products, however, have been eccepted by Western doctors because they bave not been proved to be efficacious.

So. given the backward state of affairs, teams of bureaucrats et Jepan's Ministry for International Trade and Industry must be burning the midnight oil, looking for ways to rationalise and strengthen this high-technology industry. The truth could hardly be more different.

Like most industrialised countries, Jepan realised e few years ago that lt was facing the double bind of rising medical costs and a rapidly ageing population. Expenditure on bealth per capita was discovered to be among the highest in the world. As a result, Japan's Ministry for Health and Welfare took an axe to drug prices and does not appear to have stopped swinging. In the last four years drug prices have been cut by 46 per cent, with only truly innovative drugs receiving the coveted high prices which guarantee good sales.

As e result, for the first time in the industry's history, the output of drugs last year showed e decline of 1.6 per cent. Of the 15 largest drug companies, net profits dropped an average of 16.7 per cent, with net sales as percentage of sales down to 3.7 per cent on average. Although R & D spending has yet to be cut, Mr Yoshibum Kawamura, president of Sankyo, one of Japan's leading companies, is not optimistic about the future.

"If present tendencies continue, research and development spending won't he sufficient. You won't notice it now, bnt you will in 8 to 10 years. The number of new products will decrease."

The government's attitude? "Whenever we approach the government," says Kawamura, who is chairman of the PMA, "they say you are still profitable so you can spend more on R & D!"

Mr Kawamura points out that U.S. and European companies spend two to three times as much as Japanese drug companies for each new drug. This larger budget offers the U.S. and Europeans the capacity to deal with "original, bigger" themes. Therefore, he says, new medicines produced in Europe and the U.S. can be sold universally.

Indeed, while the number of new chemical entities patented by Japanese firms is growing swiftly, the acceptability of many of these products in the West lags behind. Only 55 per cent of the new Jepanese drugs were launched outside Japan over the last five years, compared with 84 per cent in the U.S. and UK.

And unlike vehicles or electronics, drugs cannot be recalled or tinkered with once they are launched without causing e buge scandal. "Monoclonal antibodies are quite different from cars," it was said recently by Mr Katsuyuki Toki, managing director of Merck Sharp Dohme in Jepan. "Computers are less mystifying than drugs."

Taking the comparison with cars and electronics further, Japanese executives say that there is only so much profit to be wrung out of production efficiencies wben making drugs. With motor vehicles or machine tools, margins won from production efficiencies can be as high as 50 per cent. With drugs, production costs can amount to less than 10 per cent of a new, brand-name drug.

Aside from some pride in the industry's lmpressive research in the field of antihiotics, Japanese drug companies' executives are not shy abont admitting to the state of tbe industry. "Japanese drug companies will not be proper rivals to their European and American counterparts nntil the 21st century," says Mr Toshiki Igura, s senior manager at Yamanouchi Pharmaceuticals, one of Jspan's leading drug companies.

"Compared to the European and U.S. companies which have moved into the Japanese market, Jspanese companies are about two to three decades behind," says e recent report of tbe Japaneae Pharmaceutical Manufscturers' Associstion. Foreign firms account for about 15 per cent of the domestic market and are rapldly increasing their presence in Japan.

If the Jepanese Government has belped snyone over tbe past ten years, it bas been foreign drug companies. Acquisitions are becoming more common, while wbolly-owned drug subsidiaries are slowly breaking down the barriers to doing business in Japan on an equal footing with Japanese firms. Some 150 foreign drug companies are now operating in Japan.

Merck, the U.S. drug giant, was so keen to crack the Japanese market that it paid more than 80 times earnings for Banyu, s medium-sized drug firm, in 1983 and then pumped Y40bn into the group's R & D and capital spending programme. Many bave criticised Merck for what looks to be an extravagance. Still, think where GM would be today if it had bought Nissan in 1957.

Ciba-Geigy, the Swiss company ranked fifth among the world's drug firms, bas recently decided to end its distribution agreement with Takeda, the Japanese industry leader, and develop its own sales force. Industry analysts expect this to knock some $200m off Takeda's sales.

And last April, Dow Chemical bought 17 per cent of Funai Pharmaceutic of Osaka, becoming a major stockholder. In the initial stages of the link-up, Merrell Dow will focus on R & D and Funai will handle prodnction and sales.

The only wild card in Japan's band is biotechnology, an embryonic science with all the risks and potential rewards of drilling for oil. Interestingly, e great deal of Japan's biotechnology research is being beavily underwritten by non-pharmaceutical sectors of industry such as textiles, beavy chemicals and food and brewery companies.

These firms may hsve the muscle to co-ordinate the badly-needed rationalisation of Jepan's pharmaceutical industry. But it is e process which will take decades, not months.

Lombard

High-tech-speak explained

By Guy de Jonquieres

EVERYBODY KNOWS information technology is producing a revolution in how we work, live and play. What is less fully appreciated, bowever, is the precise nature of that revolution.

Not only is the industry overgrown with e dense jungle of bewildering terminology—how many people really know tbat C-mos isn't something which gets wasbed up on beaches?; it is also surrounded by public relations and promotional razzmatazz on a scale probably unrivalled outside Hollywood and the pop music business. This has sometimea led to language being used the way e drunk uses a lamp post, more for support than enlightenment.

No wonder IT often seems as alien a phenomenon to the man-in-the-street as ET. In an effort to clarify things, bere is a basic code-breaking kit designed to belp the uninitisted decipher some of the more common buzzwords and phrases which have crept into the industry's lexicon.

Of course, the language of IT is not always designed to mislead. Some of the things companies say about themselves are true. But it's worth turning sucb claims upside down, just to cbeck what is printed underneatb:

"Our real strength is in our technology." Somehow we seem to have a problem working out what the market wants. Maybe our development engineers sbould start talking to our marketing people.

"We are market-driven, not technology-driven." We're still looking for some way to sell this widget our labs dreamed up.

"We believe in market forces." Downing Street says this is what sbe wants done.

"We sre a systems company." We had to close down most of the factories because we were losing so much money in manufacturing. Now we have to figure out bow to live by our wits.

"We don't sell hardware, we sell solutions." We import most of our products from the Far East and sell them under our own name.

"Our future is as an information systems company." There must be some way of making e profit out of all tbat technology we've got lying around.

"Our strategy is based on networking." So are those of all our competitors, and as far as we know they haven't worked out wbat it means either.

"This user-friendly multitasking work station's feature-rich configuration makes lt really state-of-tbe-art." We really don't know what the customer wants, so we threw ln all the technlcal knick-knacks we could think of.

"This new product gives us a world lead." Our competitors will be selling identical products before the end of the year.

"This new product is destined to become tbe industry standard." Our competitors are already selling identical products.

"There's o lot of life still ieft in this product range." It'a obsolete.

"Our customers are some of the blggest around." We are heavily dependent on cost-plus government contracts for defence and telecommunications electronics.

"There should be an urgent review of public procurement policy." We want more safe government contracts for defence and telecommunications electronics.

"The skills sbortage is killing us." If we start paying hot-shot engineers market rates it'll play bavoc with our salary structure.

"The chip shortage is killing us." Serious production problems have arisen in our latest product and lt looks as if we'll have to go back to the drawing board.

"We intend to be e major league player in this game." So do IBM, AT&T and a dozen Japanese companies.

"The technology is bere but human ettitudes must change." We still haven't given up on those investments we made back in tbe 1970s to produce videodisc players and quadrophonic hi-fi.

"I'm a consultant." I'm temporarily resting between engagements.

"All our prodncts conform to the ISO/OSI seven-layer model, allowing full compatibillty with other systems." We also believe in the tooth fairy.

Letters to the Editor

Site value rating

From Dr R. Sandilands

Sir, — Your editorial cautioning the Government to "tread warily on rates" (Aug. 19) urges cautious rather than radical reform. You defend the present rating system on the grounds that lt is a property tax thst is "simple, unavoidable and has no effect on incentive."

Many other countries, bowever, notably Australie, New Zealand, South Africa end parts of the United States, acknowledge that the property tax comprises two elements: one a levy on the unimproved natural site vslue and the other e tax on man-mede improvements on the site. It hes been noted that both elements beve important incentive effects.

The levy imposed on the valne of unimproved sites, bowever, has positive incentive effects, tending to encourage development and more intensive use. The tax on the man-mede improvements has negetive incentive effects, discouraging improvements and encouraging land to be beld idle, especially when vacant land, despite bigh potential value in the market-pleco, is exempt from rates, as in Britain. These different and opposite incentive effects arise from the fact that land is fixed in supply while development is not.

The above-mentioned countries therefore operate, with few practical problems, site-valne rating either on its own or with separate assessments and separate rates applying to site valnes and improvements. Higber rates apply to the sites according to their maximum permitted use value, whether actually used or not, and low rates apply to improvements.

Site value rating is not only simple and unavoideble, it stimulstes development and is equitable in that the benefit principle operates: those who occupy more valuable sites invariably enjoy greater amenities and are properly asked to make greater contributions. It may be levied on the nominal landowner hut is paid indirectly by all who contribute to household expenditure or wbo rent business premises.

Thus a poll tax is unnecessary for the purposes of ensuring a wide tax base and, moreover, if introduced as a supplementary local tax would merely add millions of pounds to the cost of local government.

(Dr) Roger J. Sandilands.
Department of Economics,
University of Strathclyde,
100 Cathedral Street,
Glasgow.

It's for you-oo

From Mr G. Martin

Sir,—Mr Street (August 16) raises a number of issnes concerning business telephone usage. Certainly if switchboard operators are poorly trained, ill-equipped, or have insufficient information about their organisation and individual responsibilities, they cannot offer the level of service necessary in today's business environment.

With DDI (direct dialling in) becoming available it is not always necessary for operators to deal with all incoming calls, but this means that they bave to be even more efficient because the straightforward calls bypass them.

I would draw attention to e related area which has received scant regard in the past, that is telephone system management. Attention is focused on this when new equipment is installed, as it is necessary to tailor the system to the organisation, allocate new facilities to meet individual needs and to train operators and extension users.

Telephone systems are costly to instal and run, and have been described as the largest, unmanaged business expense. For this reason there are now several methods of containing costs. The main consideration, however, should be to ensure overall effectiveness of the system, not just the switchboard, in a continuing process.

Geoffrey A. Martin,
Inbucon Management Consultants,
72-80 High Street,
Esher, Surrey.

Colliery closures

From Dr R. Hudson

Professor D. R. Myddelton (August 12) does nothing to weaken the case for a moratorium on pit closures until such time as more adequate criteria have been specified for deciding whether or not a colliery abould be closed. Indeed, in one sense — if his claim that "accountancy is an art not a science" is to be taken seriously — be simply strengthens that case.

Why does he ignore the broad spectrum of opinion ranging from accountants such aa Berry *et al* to economists such as Glyn wbo raise serious doubts sbout the adequacy of the National Coal Board's procedures for deciding whether or not to close a colliery? Why does he place such great emphasis upon the 1983 Monopolies and Mergers Commission report (with which, incidentally, I am quite familiar) when its procedures for deciding upon the profitability or otherwise of a colliery are open to precisely the same sorts of criticisms as these levelled at the NCB?

The extra costs to public expenditure, the costs of irrevocably sterilising finite fossil fuel resouces and the social costs to communities are no more reflected in the MMC statistics than they are in the NCB accounts. I wonder if, from his studio in Cranfield, Professor Myddelton would do well to besitate before so confidently laying down the lsw on the coal mining industry, s topic with which he appears unfamiliar.

(Dr) R. Hudson.
Department of Geography,
University of Durham,
South Road,
Durham.

Teachable elements

From the Management Training Adviser, City and Commercial Department, The Industrial Society

Sir,—Michael Dixon's article "The unspeakable elements in career success" (August 15), presented some novel ideas by Professor Sternberg. I would, bowever, strongly dispute Professor Sternberg's assertion about tacit knowledge which be typifies as being "knowledge that usually is not directly taught, spoken ebout or written about in contrast to knowledge directly taught in classroom."

There is overwhelming evidence that the majority of people will greatly improve their performance in terms of getting the job done if they receive down-to-earth training on wbat s leader needs to do in order to be effective.

There are several straightforward disciplines whicb can be adopted in order to manage time more effectively. Examples of these are dealing with tasks in order of priority, use of e brought forward system, and responsible delegation.

A manager can learn to recognise and put into effect the actions which result in his staff experiencing greater motivstion and e willingness to do the job well. Equally, effective communication results in team members feeling that they are valned and reduces misunderstandings whicb can often lead to costly mistakes being made.

Action-centred leadership provides a framework within which the manager can identify the key actions he needs to take in relation to three important areas, these being achieving the task, building the team and developing individuals within the team. Examples of these key actions would be defining objectives, identifying the task, involving the team, and ensuring each team member is clear about and accepts the objectives.

Since a manager achieves a particular task through others, it is essential that the team and the individuals within it are not neglected; and indeed using the action - centred leadership approach a manager will gain the benefits of increased motivation of his staff, developing skills of the individuals and the achievement of the task.

Irrespective of ambitious aspirations, e manager's performance will be improved by having the support of his boss, and gaining acceptance for the objectives he has identified and the ections he proposes to take. He or she will therefore need to communicate regularly with his/ber boss, including the reporting of progress.

If effective management is all sbout getting the job done, this must be the measure of e good manager. By putting into practice s number of key ections e manager can become an effective leader and the respect and confidence of those who judge mnst presumably follow.

If the application of tacit knowledge to managing one's career is found in Professor Sternberg's research to be most decisive to success, I believe this is a reflection of the general lack of emphasis on management skills training and ths complacent attitude beld by management that their organisation has survived np until now without considering the effectiveness of the leadership within it.

If we are to improve our industrial and commercial performance we cannot rely on tacit knowledge bnt must take responsibility for developing leadership skills and increasing the commitment of the working population of this country.

Hellis Molloy.
3, Carlton House Terrace, SW1.

Loss of rights

From Mr D. Clarke

Sir,—John Lloyd's article (August 19) on GCHQ repeated e prevalent misconception about our situation. He mentioned "the £1,000 from the Government to compensate for loss of union membership."

The FT should know that the "ex-gratia" payment of £1,000 was also paid to the 2,000 (out of 7,000) staff who were never members of unions anyway. Many staff resigned from GCHQ and the civil aervice soon after they had received the money (one waited three days) and immediately regained their full union and civil liberties. Furthermore, the High Court ruled in July 1984 that the money was for loss of rights under the Employment Protection Acts — not for loss of union rights.

As one who refused to accept the "changes in conditions of service," never received the £1,000 and who consequently has been awaiting dismissal since March 1, 1984, I fully support my colleagues who have rejoined or joined for the first time their appropriate union.

Don Clarke.
GCHQ Trade Unions,
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FINANCIAL TIMES

Thursday August 22 1985

Europe slow to adopt driver-only trains

BY OUR LABOUR AND FOREIGN STAFF

IF BRITISH RAIL wins its battle over driver-only train operation it will come into line with railway networks in several other European countries.

However, the operation of trains without guards is by no means common outside the UK. Where it is adopted as e practice it is usually limited to a handful of suburban passenger services and to freight workings.

Several networks have a number of staff on each train and one – West Germany's Bundesbahn – is aiming to increase its personnel on express trains to provide a better service.

Direct comparisons are complicated by the differing organisation of rail networks in continental Europe. The "open station" concept, only recently introduced by BR, has been prevalent elsewhere for years and thus travellers abroad are unaccustomed to having their tickets checked at barriers on the platform.

This has put greater stress on the need to check tickets on board trains – a task performed by "conductors" whose duties may not be strictly comparable with BR's guards.

Further, the advent of rapid transit systems in major cities bas blurred the distinction between trains and trams. Some driver-only trains on the Continent would doubtless be viewed by the National Union of Railwaymen in the UK as more akin to the London Underground system, where the principle of having no guard was accepted in 1969.

British Rail is sending all 11,000 of its guards a letter to guarantee them "future and continued employment" under driver-only train operation, write David Brindle and John Lloyd in London. The letter warns, however, that a vote for industrial action in tomorrow's national ballot could jeopardise that assurance.

The letters were dispatched yesterday by the state railway's area managers as Sir Robert Reid, its chairman, made it plain he saw the gathering dispute with the National Union of Railwaymen (NUR) over driver-only operation as a symptom of a broader conflict.

Giving his first on-the-record briefing to reporters since the dispute began, Sir Robert said: "It is about a trade union that will not move with the times and (opposition to) driver-only operation is a manifestatin of that policy."

BR's moves came the day after the union brought forward by six days its ballot of guards and as:

● Disruption of Britain's rail network by unofficial action continued, with services in Wales particularly badly hit.

● The grouping of left-wing unions formed during the miners' strike was revived, with a view to giving support to the NUR.

● Leaders of the train drivers' union Aslef moved quickly to counter suggestions that its backing for the NUR guards was weaker than had been claimed.

Guards would disappear from only 10 passenger services over the next five years, Sir Robert said. This would affect 5 per cent of all services and would leave all inter-city trains with guards. The great majority of the 1,760 jobs BR planned to shed would go from freight trains.

Sir Robert said an all-out rail stoppage would cost BR £60m ($83m) a week in lost revenue alone, compared with the £27m annual savings from driver-only working after five years, but he acepted that BR would have to contemplate shutting down the network if disruption prevented "a recognisable service" being maintained.

In other respects, however, rail networks which have preceded BR into driver-only operation have faced the same central issue of passenger safety and can – with isolated exceptions – report e clean bill of health.

They have also faced the question of whether drivers working without guards should receive a pay premium. Some have agreed sums comparable with the £7.32 (about $10) a shift BR is offering its drivers; others have paid nothing at all.

France has driver-only operation only on some lines on the Paris suburban network and on a few freight services; on long-distance passenger trains, retention of one or two ticket collectors/guards is judged essential.

Guards were first removed from the Paris suburban trains in 1978 in the teeth of some union opposition. Drivers of the trains concerned receive a bonus worth about FFr 200 ($23.50) a month, although ticket controllers still ride on some services to carry out spot checks.

Lines where driver-only trains are in use have been equipped either with platform closed-circuit television systems for the drivers' use – as is planned by BR – or television screens in the cabs of the most modern train units. All trains involved have radio links, as BR plans for passenger services but not at this stage for all freight locomotives.

Switzerland has only three lines with driver-only working of passenger services, but there are plans to extend this by spring 1987 and to shed the jobs of 217 guards – some 10 per cent of those on suburban services.

The three lines concerned at present are two rural routes and the suburban line from Zurich to Rapperswil. Drivers receive no pay premium and, in spite of travelling spot-checking ticket inspectors, there has been trouble with vandalism and threats to passengers on the Rapperswil line at off-peak times.

Swiss Federal Railways (SSB), which says it may provide guards in future at off-peak times, points out there have been no accidents involving driver-only trains.

The Netherlands has at least one conductor on most trains, but is believed to have recently introduced driver-only working on the Zoetemeer suburban line outside The Hague. Trains will not be equipped with radio links until 1988.

The state railway network, considered one of the most efficient and profitable in Europe, dispensed with drivers' assistants or firemen as long ago as 1958 – BR still retains this job on trains which exceed 100mph. The main cost-cutting policy is not driver-only working, but retaining drivers in an area closer to their home base.

Italy retains two drivers and at least one guard on all trains. The issue of reducing the complement of drivers – not guards – surfaces from time to time, but this is strongly opposed by the unions and there seems little immediate prospect of doing so.

West Germany has driver-only operation on some S-Bahn sections, which are in effect suburban extensions of underground systems. On long-distance passenger services the policy is to recruit more guard-type personnel in the hope that offering a better service will attract more custom.

Ireland has recently introduced a driver-only rapid transit system across Dublin, from Howth to Bray, for which drivers receive a premium of 20.5 per cent of gross pay – as against the roughly 30 per cent of basic pay offered by BR.

Trains in Belgium and Luxembourg carry at least one guard. The latter network provides e conductor for every three carriages of each train – a ratio that puts BR in a different league altogether.

New York lines up for $41m jackpot

By William Hall in New York

NEW YORK'S Governor, Mario Cuomo, had not bought a ticket and neither had Donald Trump, the Manhattan real estate tycoon. But it seemed as if everybody else from New York Mayor Ed Koch downwards was waiting in line yesterday for the chance to win $41m the biggest lottery jackpot in U.S. history.

New Yorkers were queueing for as long as five hours yesterday to buy Lotto 48 tickets at $1 a time giving them two chances to win the jackpot. Despite the 6.1m-to-one odds, New York's Lotto fever was reaching epidemic proportions as everybody thought up their own winning combinations of numbers.

"Sales have been unbelievable," said Mr John Quinn, the state lottery director, and by yesterday morning more than 22,000 tickets e minute were being processed through the 4,000 computer-linked ticket machines across the state.

State lottery officials reported "incredibly heavy border traffic" as thousands of people from neighbouring New Jersey and Connecticut drove across the state line to buy their tickets.

The record jackpot, which could top $50m if e winner is not found, is the result of seven successive draw session in which nobody has won the Lotto 48 grand prize.
The first was et the end of last month when the prize was a nominal $2m.

By Tuesday evening $36m in Lotto tickets had been sold since the last Lotto draw on Saturday and state officials warned that they would have to close the system early because it could not handle the volume.

"We can only do $18m worth of business on any one day" said Mr Quinn, who urged players to place their bets as early as possible yesterday to avoid the long queues and the possible early closedown of his system.

Anyone over the age of 18 with the exception of state lottery officials can play Lotto.

After the Lotto kiosks close New Yorkers wait for the draw which is conducted in Albany, the state capital, every Wednesday and Saturday night.

Banks agree breathing space for Brazilian debt repayment

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT, IN LONDON

LEADING international banks yesterday agreed to give Brazil a further breathing space until January 17 next year to allow for the completion of crucial economic policy negotiations with the International Monetary Fund.

At a New York meeting with Sr Carlos Lemgruber, Central Bank president, the 14-bank committee of main creditors endorsed a Brazilian request for a 140-day freeze on debt repayments as well as the maintenance of $16bn in short-term trade and money market finance to Brazilian banks.

The new breathing space is shorter than the 180 days first suggested by Brazil but its length still underlines expectations in the banking community that protracted negotiations with the IMF still lie ahead. Brazil is no longer expected to have an effective policy agreement in place this year.

The breathing space proposal, which will now go to Brazil's creditor banks worldwide for their approval, is intended to help prevent Brazil from being technically in default on its $103bn foreign debt once existing temporary arrangements expire at the end of the month.

The coontry's failure to reach agreement with the IMF on a new economic programme has prevented completion of a plan to reschedule some $45bn in maturing debt.

The bank committee, chaired by Citibank, decided on the extension after receiving a telex from Mr Jacques de Larosiere, IMF managing director, which fell short of outright endorsement of the Brazilian request but still pointed to expected progress in the talks.

Mr de Larosiere told the bankers a Brazilian team would visit Washington in early September, "to review economic policies and results for 1985 and begin discussions about 1986." Bankers say this is confirmation that any agreement between Brazil and the IMF will only enter force next year.

Separately Sr Alan Garcia, Peru's new President, has quantified his policy of allocating only 10 per cent of export receipts to debt service. For next year, this would mean Peru would only make about $350m in service payments on its $14bn foreign debt, he said in Lima.

This compares with a figure of $5.1bn in principal and interest falling due.

AT&T to cut 24,000 jobs

BY TERRY BYLAND IN NEW YORK

AT&T, the U.S. telecommunications group set up when the former nationwide telephone company was broken up 18 months ago, yesterday announced that it would eleminate 24,000 jobs at its information systems group, which makes communications equipment.

The redundancies, representing about one quarter of the total workforce in this area and exceeding recent rumours on Wall Street, were announced to the workforce at the Morristown, New Jersey facility of AT&T Information systems.

Mr Robert E. Allen, the division's chairman, said the cuts were possible because all resources "necessary to manage the information systems business" had been combined into a single organisation.

Steps to eliminate around 7,400 of the jobs concerned have already been put in hand, and the greater part of the 24,000 targeted jobs will have been eliminated before the end of the year.

The parent company commented that yesterday's announcements represented only "one decision among many" that are being taken to realise improved profits – a view which will please Wall Street, wehre AT&T has been blamed for being slow to take measures to reduce costs. Last year e target of cutting costs by 20 per cent at the group's technologies units was missed.

About 30 per cent of the jobs lost would be in the management ranks Mr Allen said, "Market conditions" could bring further workforce reductions, he added.

The past 18 months have already seen substantial reductions in jobs at the group's technology operations. The Morristown unit has eliminated nearly 5,000 jobs since the beginning of 1985.

U.S. hits at Tokyo export policy

BY CHRISTOPHER LORENZ IN WASHINGTON

A SENIOR U.S. government official yesterday bitterly attacked Japan's strategy of targeting particular industries with low prices in order to gain massive market shares.

Europe's Airbus programme also came under fire. Instead of competing, Airbus and Boeing should collaborate, suggested Dr Bruce Merrifield, an assistant secretary of the U.S. Commerce Department.

Japan's strategy was a "very destructive, zero-sum game that bas had tremendously bad consequecnes" for itself and its competitors, Dr Merrifield said. He was speaking about the development of local competition on the opening day of Worldesign '85, a congress of 2,000 international designers.

Europe's concerted drive to compete with Boeing in the market for wide-bodied jet aircraft was also destructive, Dr Merrifield maintained. So far, he claimed, the Airbus programme had incurred a negative cash flow of the equivalent of $10bn, and it was only half-way towards the break-even point.

Boeing and Airbus would not be able to survive in the business if such competition continued.

Explaining his worries about Japanese industrial strategy, Dr Merrifield said that it was heavily based on pricing and high levels in the home market in order to cover production costs, and pitching prices low abroad.

Britain wins design award, Page 6

BASF and Hoechst increase profits

By Our Financial Staff

TWO of the big three West German chemical groups, Hoechst and BASF, yesterday reported higher profits for the first half of 1985 and spoke optimistically about trading over the remainder of the year.

At Hoechst group pre-tax profits for the half-year have increased by 11.5 per cent to DM 1.65bn ($594m). The improvement at BASF was sharper, an advance of 37.3 per cent to DM 1.72bn.

Both companies experienced improving turnover and claimed better capacity utilisation. BASF sales rose 11.9 per cent to DM 24.01bn, while at Hoechst the increase was 7.3 per cent to DM 22.2bn.

Looking ahead, BASF says orders in hand are above year ago leveis. It expects business to develop satisfactorily well over the rest of 1985.

Hoechst sees business staying satisfactory over the remainder of the year. Even if worldwide activity slackens and the dollar continues to lose ground, Hoechst expects trading to stay "robust."

Hoechst's foreign sales rose 7.7 per cent to DM 16.745bn for the 1985 first half, with domestic sales up 5.9 per cent to DM 5.47bn.

Domestic operations had been major contributors to earnings improvement, the company says. Earnings abroad were also positive, excepts for units in the U.S., South Africa and Argentina.

While the expansion of sales in Western Europe and Australia had been gratifying, increased imports in the U.S. favoured by the dollar exchange rate, checked trading at American Hoechst Corp.

At BASF sales improved slightly in the second quarter from the first, led by gains in the oil and gas, fertiliser, bulk chemicals and fibres divisions.

Foreign sales, particularly in North and South America, outpaced domestic sales. BASF says its profits gains stemmed from strong demand, which allowed fuller plant capacity usage, together with favourable exchange rate developments.

See Lex

Benazir Bhutto keeps alight family flame

Continued from Page 1

yesterday had no such doubts, and during the day she proved her style and charisma, and the public appeal that the Bhutto family still exercises.

The Government's biggest immediate fear is that she might point an accusing finger at President Zia's regime for the death of her brother in Cannes, southern France, so arousing mass wrath from people who still revere the Bhutto name and giving the country's divided and ineffective opposition a new rallying point.

In a brief public speech last night she described her brother as a martyr.

THE LEX COLUMN

United on the Expressway

Fleet Holding's loudly proclaimed disappointment with yesterday's Monopolis Commission's decision was a trifle disingenuous. The referral of United Newspapers' bid was automatic, and nobody but Fleet seemed to diubt that it would go through on the nod.

The bid, however, will do nothing of the short, judging by yesterday's mudslinging. United now has three weeks to present an offer, ans Fleet will certainly put up e spirited defence. Whether the offer is made this week or later will depend on the form of the bid.If bids before September 4, it will have to include a cash alternative. If it wants to make an all-paper offer, it will need to slot it in between September 4 and 11.

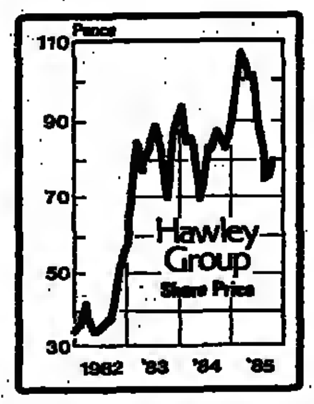
However, the offer is couched, it will stretch UN's resource. Fleet's market capitalisation is a third larger than United's so UN would have at least to double its equity on an all-paper moffer if it were to buy the trest of Fleet at yesterday's price of 341p. A sensible ploy might be to offer loan stock in proportion to Fleet's stake in Reuters, particularly if UN were planning to cash in those shares if it succeeded.

Since United will be digging deep into its pocket even at close to yesterday's price, Fleet's defence must hinge on pulling its market capitalisation out of reach. This could perhaps be done by acquisition, though if the victim were large enough, Fleet would need the permission of its shareholders, the largest being UN. Fleet will probably fall back on the tactic of bringing forward some good results for 1984-85, together with an optimistic profit forecast. If a white knight were to arrive on the scene, though, Fleet would be no better off, and Unite could sell its stake at a profit – ending up, in effect, with yet another rights issue, since it bought its Fleet stake with shares in the first place.

Hawley Group

Almost everything that could have gone wrong for Hawley Group did in the first half of this year.

In what was supposed anyway to be a period of consolidation for Kean & Scott, mortgage rates rose, making life even harder in e very competitive home improvements market. The same problem affected Moben Kitchens, which is stubbornly refusing to turn in a profit. And dollar earnings were hit in translation.



So it is a mark of Hawley's resilience that it managed to turn in pre-tax profits of £12.1m, 10 per cent up on the same period last year.

Hawley is learning that absorbing acquisitions is not as easy or as quick a process as it might have imagined. Integration and rationalisation costs in the cleaning and maintenance division, for instance, are still affecting profits, while the rapid growth of Kean & Scott has made a shake-up in management necessary.

The encouraging news is that these benefits are starting to show through, and will continue to do so through the rest of this year and 1986. Even without acquisitions, the company could show a 15 per cent growth in profits, exchange rates permitting. With its miniscule Bermudan tax charge, that puts the shares, up 3p to 80p, on a multiple of just over 5 – which must reflect bad feeling more than an objective valuation of Hawley's growth potential.

German chemicals

Yesterday's interim figures from two of the German chemical majors neatly confirmed the message of ICI's second quarter results. While neither Hoechst nor BASF spelt out the impact of exchange rates on their earnings, the West German industry as a whole has evidently been reaping the reward of a weak D-Mark.

The currency benefit has not surprisingly been more pronounced in the case of BASF, which has a larger domestic base and a stronger bias towards bulk products. ICI has spent the past five years trying to become less like BASF and could be forgiven for feeling a little frustrated by the 37 per cent rise in pre-tax profits which the German group has produced for the first six months.

BASF has so far been insulated as much by the strength of the domestic market as by the vagaries of the D-Mark and the dollar. Hoechst, by contrast, has been suffering in the U.S. from the enhanced competitiveness of import fibres. But, putting the first half to one side, BASF looks much more vulnerable to a downturn in the bulk products cycle. So Hoechst and ICI may yet have the last laugh.

W. H. Smith

The equity market has never quite trusted W. H. Smith. Last week's acquisition of the Elson retail chain in the U.S. was greeted by some as yet another instance of a UK retailer speeding to disaster across the Atlantic, while yesterday's satisfactory preliminary results – accompanied by a 19 per cent dividend increase and optimistic noises about the current year – knocked 2p off the share price, leaving it at 238p.

The preliminary statement itself could admittedly have been more instructive. Comparisons between a period of 52 weeks and another of 70 weeks are none too helpful in a retailing business with e strong seasonal bias. And it is impossible to deduce the extent to which falling personal computer sales damaged net margins in the retail chain.

But there was not much wrong with the overall result. On a like-for-like basis, profits have risen 12 per cent to £43m pre-tax and could exceed £50m – ignoring property items – in the current year.

Given Smith's past talent for finding a banana skin on every pavement, it is not surprising to see the group's ambitious plans for specialist shops in the UK and turnpike stores in the U.S. treated with a degree of caution. Within the space of a year, net debt will increase from virtually nothing to about 40 per cent of shareholders' funds, making Smith a slightly riskier investment.

Yet the U.S. acquisition looks sound and last year's impressive growth in do-it-yourself has demonstrated that Smith is capable of diversifying successfully out of its basic business. The prospective earnings multiple of around 13 is perhaps just a touch stingy.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	27	81	Dubrovnik	S	31	88	Malaga	S	—	—	Salzburg	S	25	77
Akrotiri	S	35	95	Faro	S	27	81	Malta	S	33	91	Seoul	C	32	90
Algiers	S	31	88	Florence	S	34	93	Manila	R	30	86	Singapore	C	31	88
Amsterdam	F	19	66	Frankfurt	F	22	72	Miami	C	32	90	Stockholm	C	19	66
Athens	S	33	91	Funchal	S	24	75	Milan	S	29	84	Strasbourg	S	26	79
Bahrain	S	38	100	Geneva	S	24	75	Moscow	F	24	75	Sydney	C	16	61
Bangkok	S	32	90	Gibraltar	S	25	77	Munich	S	23	73	Taipei	S	32	90
Barcelona	S	27	81	Guernsey	C	16	61	Nairobi	C	19	66	Tangier	—	—	—
Beirut	S	30	86	Helsinki	T	18	64	Naples	S	30	86	Tehran	—	—	—
Belgrade	F	26	79	H. Kong	C	28	82	New Delhi	S	31	88	Tel Aviv	F	31	88
Berlin	F	20	86	Innsbruck	S	25	77	New York	S	27	81	Tenerife	C	24	75
Biarritz	S	27	81	Inverness	—	—	—	Nice	F	26	79	Tokyo	C	29	84
Blackpool	C	17	63	Istanbul	S	29	84	Oporto	S	20	86	Toronto	C	19	66
Bordeaux	S	27	81	Jersey	C	17	63	Oslo	C	19	66	Tunis	S	32	90
Brussels	S	22	72	Jo'burg	S	21	70	Paris	S	24	75	Valencia	S	30	88
Budapest	S	24	75	Las Palmas	S	26	79	Prague	S	23	73	Venice	S	27	81
B. Aires	S	16	61	Lima	C	18	64	Reykjavik	S	13	55	Vienna	S	23	73
Cairo	S	34	93	Lisbon	S	27	81	Rio de J'o	C	35	95	Warsaw	F	21	70
Cape Town	S	23	73	Locarno	S	27	81	Rome	S	31	88	Zurich	S	24	75
Caracas	C	26	79	London	F	20	68								
Casablanca	—	—	—	Los Angeles	C	27	81								
Copenhagen	F	18	64	Luxembourg	C	20	68								
Corfu	S	34	93	Madrid	S	32	90								
Dublin	C	19	61	Majorca	S	31	88								

Readings at mid-day yesterday:

C–Cloudy D–Drizzle F–Fair Fg–Fog R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

Mobil refuses Oslo oil offer

Continued from Page 1

award could cost Norway "billions"

Willoch is not expected to give any ground to Labour. In agreeing to a meeting to "clear up misunderstandings," he apparently hopes to prevent the opposition from capitalising on the controversial award during the current election campaign.

● Norwegian oil output is set to rise almost 50 per cent over the next five years, from 35m tonnes per year to 50m tonnes, according to economists at Bergen's Institute for Industrial Economic Studies.

A survey by the institute points out that Norwegian shelf oil production, which set a new record last month, will continue to climb for the rest of this year, owing to the recent commissioning of the third platform on the Statfjord field. Two new fields – Gullfaks and Ula – will give a further big boost to production in 1987, and in 1989 the large Oseberg field will come onstream. From 1990 to 1995 oil production will hold steady at around 50m tonnes per year. Thereafter it will fall sharply, unless new field developments have been approved

The forecast 50m tonnes per year – equivalent to 1m barrels a day – is more than the 1984 output level of many medium-sized Opec producers.

FINANCIAL TIMES
Thursday August 22 1985

Firestone income drops by 29%

By Our New York Staff

FIRESTONE TIRE & Rubber, one of the world's five biggest tyre manufacturers, yesterday reported that its North American operations had plunged into loss as it posted a 29 per cent drop in its third quarter pre-tax operating income to $34m.

The company attributed the decline io quarterly income from continuing operations to a decrease in operating income, which was due to lower earnings from international operations and losses incurred in original equipment and wholesale tyre operations in North America. The 1985 period figure also appeared lower because of comparison with a 1984 gain of $11m from the sale of the company's Brazilian rubber plantation.

Firestone reported net income from cootinuing operations of $9m, or 22 cents a share, in its third quarter to the end of July. This compares with $29m or 65 cents a share in the same quarter last year. Net income including extraordinary credits totalled $13m or 31 cents a share compared with $48m or $1.06 a share in the third quarter of 1984.

Insurers may lose $300m in Epic default

By Our New York Staff

INSURANCE companies may lose up to $300m because of the potential default of Equity Programs Investment Corporation (Epic) which issued $1.5bn of mortgages and mortgage-backed securities.

Moody's, the U.S. credit rating ageocy, made the estimate yesterday while assessing the impact of Epic's potential default on the U.S. private insurance industry. Moody's cited "Epic's use of high-risk investor loans as the major weakness of its security structure," remarking that low down-payment investor loans have been proven to have an extremely high potential default risk.

A buyer for Epic was still being sought yesterday. The corporation's problems have caused a run on the deposits of its parent, Community Savings, ooe of the biggest savings banks in Maryland. The state of Maryland has temporarily frozen all deposits at Community Savings.

Higher output at Saarstahl

By Our Financial Staff

ARBED SAARSTAHL, the West German steel group, has raised production and sales in the first seven months of 1985, and as a result has managed to cut first half losses.

The group, which is a subsidiary of Arbed of Luxembourg, narrowed its losses by DM 50m ($18.1m) in the six months. It did not give comparative figures or figures for last year's losses.

Saarstahl's crude steel production rose 6.5 per cent to 1.6m tonnes in the first seven months of 1985. Deliveries of rolled steel products were up 14 per cent to 1.5m tonnes.

Hong Kong bank wins race for first foreign branch in China

BY ROBERT THOMSON IN PEKING

HONGKONG and Shanghai Banking Corporation has been granted permission to open the first branch of a foreign bank in China since communist rule began in 1949.

The bank, along with numerous others from Japan, Europe and the U.S., had applied to open a branch in the Shenzhen special economic zone (SEZ) in Southern China, and is the first of the applicants to gain approval.

Announcing the move, the People's Bank of China, the country's central bank, said other overseas Chinese and foreign banks "with good credit standing" and "fine relations with China" will also be permitted to open branches in the SEZ.

"Whether they will be allowed in other coastal cities open to foreign investment in the future will depend on the needs of China's economic development," it said.

The branch will be allowed to provide foreign exchange loans to enterprises and individuals, handle export transactions, and exchange foreign currency.

It will be allowed to deal in Renminbi (RMB) deposits but only those placed by enterprises and foreign nationals. Foreign banks opening in Shenzhen must ensure that the branch holds operating funds in an amount of foreign exchange not less than RMB 40m ($14m).

The bank must also place currency reserves equivalent to 5 to 10 per cent of its deposit liabilities with the People's Bank. Loans to any enterprise in the zone should not exceed 30 per cent of its paid-in capital.

Last April, the path was cleared for the establishment of foreign bank branches with the promulgation by China's state council of legislation with the revealing title: "Regulations governing foreign banks and joint Chinese-foreign banks in special economic zones."

Since then, the foreign business community here has awaited news of the first successful application.

No doubt the symbolism of granting permission to a Hong Kong-based bank, ahead of the other applicants, will not be lost on those foreign business people.

Recently, the newly appointed president of the People's Bank, Chen Muhua, said: "As we still lack experience in the field, it is far too early for us to permit foreign banks to set up branches in other parts of the country." Nevertheless, she did emphasise that "relations between Chinese and foreign financial circles are becoming closer."

There are 136 foreign representative offices of foreign financial institutions in China, with all of them looking to expand their role beyond thet of simple representation.

Also, the administrators of China's three other special economic zones are keen for foreign banks to have a presence in their regions. Officials in the Shumchum SEZ, also in southern China, claim to have had a large batch of applications by foreign banks to open a branch.

Braniff sees brighter earnings prospects

BY TERRY BYLAND IN NEW YORK

BRANIFF, the Dallas-based airline which emerged from bankruptcy-law proceedings in early 1984, expects to return to profitability in the current fiscal year.

Profits rose sharply in the second quarter, helped both by the effects of the 29-day strike at United Airlines, the leading U.S. domestic carrier, and by peak passenger load factors at Braniff.

Braniff's net earnings for the quarter reached $13.6m or $1.10 a share, boosted also by a tax benefit of $6m or 49 cents, although sales revenues, at $73m, gained only $3m.

The Dallas airline suffered a loss of $39.9m in the corresponding quarter last year, when it was struggling with its financial problems. But it turned the corner in the first quarter of this year with net earnings of $1.6m or 13 cents.

Mr Ron Ridgeway, company president, said Braniff's load factor, up from 72.5 per cent in the first quarter to 77.5 per cent in the second, was the highest in the industry. The airline plans to increase its fleet of Boeing 727-200 aircraft by two to 22 before the end of calendar year 1985, and to increase services at its Kansas City airport.

Elektrisk Bureau stock suspended during talks

BY FAY GJESTER IN OSLO

THE OSLO Stock Exchange yesterday suspended trading in shares of Elektrisk Bureau EB, the Norwegian electronics and telecommunications group, pending an expected NKr 600m–NKr 800m ($73–$98m) takeover deal one of Norway's largest.

The stock exchange said it had been informed that negotiations were in progress between three interested parties concerning transactions affecting half the company's NKr 158.8m share capital. A "rapid decision" was expected, and thereafter trading would be resumed, probably tomorrow.

EB has for months been the target of speculative buying by several groups of investors who are attracted by its most profitable offshoot, Norsk Kabelfabrik. This company accounted for 20 per cent of EB's 1984 group sales, totalling NKr 42,555m, and expects a profit this year of NKr 55m, on NKr 550m turnover.

EB has a market value of just over NKr 1bn, at Tuesday's traded price of NKr 158.5 per share

May returns steady result

BY OUR NEW YORK STAFF

MAY DEPARTMENT Stores, the big U.S. retailer, recorded little change in second-quarter earnings, which amounted to $37.8m against $37m a year earlier. The figure was oo sales up to $1.12bn from $1.03bn.

Half year profits were $71.3m on sales of $2.21bn, comparea with $64.5m on sales of $1.99bn in last year's corresponding period.

Profits per share equalled $1.62 ($1.49) for the half year and 86 cents, which was the same as the previous quarter.

● Federated Department Stores, the Ohio-based retailer, witnessed a second-quarter profits tumble from $35m to $25m or from 72 cents to 51 cents a share despite an increase in sales from $2.1bn to $2.2bn.

First half profits amounted to $75.1m or 51 cents a share

KNP moves forward in six months

By Laura Raun in Amsterdam

ROYAL DUTCH Paper Mills (KNP), a leading paper manufacturer, continued its robust recovery in the first half with earnings soaring 2½ times to Fl 62.4m ($20m) from Fl 24.6m.

KNP predicted a profit rise in the second half as well, virtually assuring another record year in 1985 following last year's Fl 63m net income. The upturn in the paper and packaging markets is expected to continue as part of the general economic rebound.

The Maastricht-based company attributed the sparkling performance in the first six months to higher selling prices and contained costs. Total sales spurted 21 per cent to Fl 851.2m from Fl 702m while costs rose a more modest 12 per cent.

KNP has made aggressive efforts to improve its operating efficiency, product mix and competitive position since a Fl 6.1m loss in 1981. The balance sheet has also strengthened, with the first half witnessing a Fl 75m bond issue, a capital injection from government funds; and internal operations. The cash position leaped to Fl 128.5m from Fl 10.9 at the end of 1984.

Liquid assets, however, are expected to fall in the second half because of payments on a lightweight coated-paper project in Lanaken, Belgium, in which the Flemish regional government has an equity stake. The Lanaken project is to come on stream in 1987 with a 175,000 tonnes a year capacity to meet demand that is expected to expand briskly in coming years. Lightweight coated paper is high-grade paper used for magazines, catalogues and other printed matter with a high circulation.

KNP also is focusing attention on corrugated-board paper activities, where a joint production venture with Buehrmann-Tetterode will become one of Europe'a major producers this year with the addition of a second machine.

KNP's share prices jumped more than Fl 10 to Fl 83 on the Amsterdam stock exchange yesterday.

CALIFORNIAN BANK SPENDS $480M TO GO INTER-STATE

Security Pacific branches out

BY WILLIAM HALL IN NEW YORK

THE ACQUISITION by Security Pacific, the second biggest bank in California, of Arizona Bancwest, the third biggest banking group in the neighbouring state of Arizona, represents a major diversification move for Security Pacific, one of the fastest-growing and most profitable of the U.S. banking majors.

The $480m deal also gives an important indication of the sorts of premiums the big U.S. banks appear willing to pay in order to get a foothold in new markets which have previously been declared off limits because of the rules barring inter state banking. Arizona recently passed legislation permitting takeovers of out-of-state banks.

Arizona Bancwest has assets of $3.6bn and is the parent of the Arizona Bank, the 85th biggest bank in the U.S. The group earned $22.5m last year, or $2.26 per share. Security Pacific has agreed to pay $45 per share for Arizona Bancwest. Arizona Bancwest's shares were trading at $31.75 before the announcement on Tuesday afternoon.

On this basis Security Pacific's offer was 42 per cent above the market price, and is equivalent to 19.9 times Arizona Bancwest's 1984 earnings. At the end of June Arizona Bancwest had a net worth of $179m, or $17.37 per share.

It is expected that the merger will be consummated on October 1, 1986, as permitted under recent Arizona legislation. Wall Street analysts estimate that the offer is worth roughly 2¼ times book value a year from now.

Arizona Bancwest, which is headquartered in Phoenix and has 102 branches, has doubled in balance sheet size io the last five years.

Mr Dick Flamson, Security Pacific's chairman, said the acquisition "is an attractive investment in one of the world's most dynamic and fastest growing states. It makes good economic sense in that there are very strong business and consumer connections between California and Arizona. We have long conducted activities in Arizona and this will materially increase our presence."

Arizona Bancwest and the Arizona Bank will continue to operate under the same names, management, and board of directors. Mr Don Tostenrud, Arizona Bancwest's chairman, described the deal as a "good fit for reasons of geography, business style and operating characteristics."

Swedish regional banks expected to merge

BY KEVIN DONE IN STOCKHOLM

A MERGER between two of Sweden's leading regional commercial banks, Sundsvallsbanken and Uplandsbanken, is expected to be announced after meetings today of the two banks' main boards.

Trading in the shares of both banks was stopped on the Stockholm stock exchange yesterday with the takeover negotiations at a advanced stage.

Sundsvallsbanken was valued at SKr 750m ($90.8m) and Uplandsbanken at SKr 380m at the close of trading on Tuesday.

In recent years a series of merger talks has taken place involving different arrangements of Sweden's nine regional commercial banks.

The banks are concerned that their lack of size is becoming a serious handicap to their ability to compete in the quickly-changing Swedish banking market.

Since the beginning of the decade a SKr 250bn money market has been created virtually from scratch. At the same time the whole corporate financial sector has become far more sophisticated.

When foreign banks are admitted to the Swedish banking market early next year, competition is expected to increase markedly for international banking services.

At the end of last year Sundsvallsbanken, the biggest of Sweden's regional commercial banks, had total assets of SKr 12.6bn, operating profits of SKr 261m and a workforce of 733. The leading shareholder in the bank is Investment AB Beijer, a Swedish investment company, with some 13 per cent.

Sundsvallsbanken owns around 28 per cent of Arbuthnot Latham, the London-based merchant bank.

Uplandsbanken had total assets at the end of 1984 of SKr 8.3bn, operating profits of SKr 123m and a workforce of 700. Custos, a Swedish investment company, owns some 35 per cent of the equity.

Any new bank arising from a merger would have total assets of more than SKr 21bn, placing it in the league of medium-sized Swedish banks behind Götabanken.

The deadline for applications by foreign banks is October 1, and between 12 and 14 are expected to seek permission to establish subsidiaries in Sweden.

Takeover aids Aga's growth during half

BY OUR STOCKHOLM CORRESPONDENT

AGA, the Swedish industrial gas group, increased its profits for the first six months of the year by 64 per cent, partly because of its recent Skr 3bo ($363m) takeover of Uddeholm, the Swedish tooling steel and hydroelectric power company.

It is forecasting profits (after financial items) of more than SKr 900m for the full year, a jump of around 45 per cent.

In the first six months of 1985, group profit was SKr 504m, up from SKr 307m in the same period last year.

The net contribution from the Uddeholm and Tresor subsidiaries was SKr 110m, after taking away the financing costs for Aga's shareholdings in the two companies.

Aga achieved a strong performance in the first half of the year, even excluding the new acquisitions, with income from its traditional gas and refrigeration operations jumping by 29 per cent.

Aga group turnover totalled SKr 4.5bo duriog the first six months, an increase of 66 per cent from SKr 2.7bn in the same period last year.

Atlas Copco lifts profit 43%

ATLAS COPCO, the Swedish compressors, mining and construction equipment manufacturer, boosted earnings 43 per cent in the first six months to SKr 422m ($50.8m) from the SKr 296m during the corresponding period last year, writes David Brown in Stockholm.

Invoiced sales rose 18 per cent in value and 12 per cent in volume to SKr 5bn, which Mr Olof Sjöström, the deputy managing director, described as the best for many years.

The improvement is attributed to a cootinued market upswing in Western Europe, which accounts for roughly half of total group sales, as well as high capacity utilisation and lower costs following an extensive rationalisation programme.

Busy day for Eurobond issues

THE EUROBOND market was alive with the sound of syndicate managers launching deals yesterday, writes Maggie Urry in London.

New issues appeared in a number of currency sectors, while most markets enjoyed a more positive tone.

In the Eurodollar sector the National Bank of Hungary launched its second floating rate note of the year raising $200m. Its first, for $100m issued in January, marked the country's return to the international bond markets after a three-year absence. That deal which enabled Nomura International to set finer terms for the new issue, has been trading well.

The pricing is still generous compared with other floaters and should stir investor interest. The 15-year bonds pay a margin of ⅛ per cent over London interbank offered rate (Libor) with front end fees of 2 percent. Investors can ask for early redemption after seven, 10 and 12 years while they are protected from the borrower calling the issue for seven years.

Among fixed rate Eurodollar bonds, where prices were ¼ point ahead yesterday, Morgan Guaranty led a $75m issue for Aegon, the major Dutch insurance company. This has a seven-year life and pays a 10¼ per ceot coupon with the issue price set at par. The bonds were trading just inside the 1⅞ per cent total fees.

Later, Union Bank of Switzerland (Securities) launched a $100m deal for R. J. Reynolds, the tobacco group, with an eight-year life and a 10¼ per cent coupon. Issue price is par. The all-in cost to the borrower, including the 2 per cent fees, is 28 basis points over the U.S. Treasury yield curve – considered a fraction tight but acceptable. The bonds were being quoted at a discount around the full fees.

Three more dual-currency Euroyen issues appeared, with two being led by firms other than Japanese securities houses for the first time. Daiwa Europe brought a Y50bn issue for the Student Loan Marketing Association which has a 13-year life and will be redeemed in U.S. dollars at an exchange rate of Y192.90 to the dollar. The coupon, payable in yen, is 7½ per cent and issue price is par.

Banque Paribas led a Y20bn deal for Oesterreichische Kontrollbank, the Austrian bank, which matures after 11 years. This pays a 7⅛ per cent coupon and will be redeemed at an exchange rate of Y192.3 to the dollar. Again issue price is par. A large part of the issue has been pre-placed.

IBJ International led a Y11½bn deal for Anheuser-Busch, the Budweiser beer company. Terms were set at a 10-year life, an 8 per cent coupon and a 101 issue price. The redemption exchange rate is Y208 to the dollar. All three issues pay fees of 2 per cent.

Wood Gundy brought Canadian Pacific, the diversified group, to the Canadian dollar bond market for C$75m. The five-year bonds pay a 10⅝ per cent coupon and are issued at par. This market has been difficult of late and new issues are generally slow to move anyway. These bonds were trading around the 1⅞ per cent fees, and a good syndicate was assembled.

Another Canadian borrower appeared, this time in the European currency unit market. Xerox Canada launched an Ecu 40m deal led by Banque Paribas, which is thought to be swap-related. The bonds mature December 17 1990 and meanwhile pay a 8½ per cent coupon. Issue price is par, and the bonds were trading within the 1⅞ per cent fees. The Ecu market has picked up in the last few days with other recent deals moving ahead.

Hopes of an interest rate cut spurred activity in the Swiss franc foreign bond market with prices moving up by ¼ point. Two new issues were trading for the first time. Glendale Savings and Loan's SwFr 100m 10 year 5½ per cent bonds, which are backed by mortgages, closed at 98¼ well down from the par issue price. Kendall's dual-currency issue of SwFr 120m with a 10-year life and 7 per cent coupon closed at 97 compared with the par issue price.

Trading was active in the D-Mark foreign bond market, although overshadowed by the domestic market – with persistent demand. Hopes for further interest rates were encouraged by remarks made by the Bundesbank president

Czechoslovakia to make early repayment

CZECHOSLOVAKIA is to make early repayment on one of the very few international borrowings it has raised since the Polish debt crisis broke out in 1981, writes Peter Montagnon in London.

Its Foreign Trade Bank has served notice on agent Deutsche Bank Compagnie Financiere Luxembourg that it will repay next month a $50m credit signed in 1983, and originally due to mature in 1987.

Bankers say the decision was apparently taken because the credit bears a margin of 1⅛ per cent over Eurocurrency rates, far higher than the split ⅛–⅜ per cent margin obtained on a $100m credit by the same borrower earlier this year.

The repayment is being interpreted in the Euromarkets as confirmation of Czechoslovakia's restrictive policy towards foreign borrowing. Even the more favourable conditions now on offer are unlikely to tempt the country to add to its net international debt, bankers say.

● Fisons, the UK pharmaceuticals and chemicals concern, has announced a $50m Euro-Commercial paper programme, proceeds of which will be used to replace short-term bank borrowings.

Credit Suisse First Boston and Morgan Guaranty have been desigoated dealers for the programme,

INTL. COMPANIES & FINANCE

Energy producer in earnings writedown

By Bernard Simon in Toronto

PETRO-CANADA, the Canadian state-owned energy producer, has written down C$486m (U.S.$362.7m) from exploration assets in the Arctic and other remote regions, wiping out earnings before special charges of C$112m in the six months to June 30.

The Crown corporation said the writedowns were prompted by "its new commercial orientation and the decline in world oil prices" but would have no impact on the value of the Government's equity, its cash flow or its ability to fund a substantial investment programme.

Petro-Canada said it had paid its first common share dividends to the Government, totalling C$50m, since its formation in 1976 "as a measure of its ability to carry out its activities from its own internal sources while improving its overall financial performance." The Government has made no equity contribution to the company this year for the first time since its inception. Petro-Canada recently agreed to buy a large chunk of Gulf Canada's petrol station network.

Petro-Canada has contributed about 40 per cent of total industry investment for oil and gas exploration in the Labrador, Baffin Island and Arctic regions, where costs are high and lead times exceptionally long.

Genstar offer may bring counter step

By Our Toronto Correspondent

CANADA TRUSCO'S call to its shareholders not to accept an offer for their shares by Genstar, the Vancouver-based conglomerate indicates that the battle for control of Canada's largest trust company may not be over.

Genstar emerged earlier this week as Canada Trustco's most likely controlling shareholder after building up a 35 per cent stake in the company by share purchases on the open market and the acquisition of the 27.6 per cent interest held by a rival bidder, Manufacturers Life, the Toronto-based insurer.

Canada Trustco is the only major Canadian trust company not controlled by one of the country's rapidly emerging financial conglomerates. Canada Trustco has guarded its independence and management indicated earlier that it opposes Genstar's efforts to acquire the company.

Mr Mervyn Lahn, the trust company's president, said in a letter to shareholders on Tuesday night that they should "refrain from taking any steps to accept the new Genstar offer, pending further developments."

It is assumed that Canada Trustco's management is trying to find an ally to make a bid higher than the C$45.20 (U.S.$33.48) a share offered by Genstar for the remaining 65 per cent of Canada Trustco's shares.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The *following are closing prices for August 21.*

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amex Credit 10⅞ 00	100	101⅜	101⅞	+0⅛	+0⅜	10.39
Amex Credit 12⅜ 88	150	105¼	105¾	+0⅜	+0⅝	10.08
Atlant Richfld 10¼ 00	250	94½	95	+0⅛	+0¾	10.97
Australia Com 11⅛ 00	100	102⅝	103⅛	+0¼	+0⅜	10.84
Australia Com 11 95	200	102¼	102¾	+0¼	+1¼	10.56
BP Capital 11¼ 92	150	102¼	102¾	+0⅛	+0⅞	10.54
Canada 11½ 90	500	105⅛	105⅝	0	+0¾	9.95
Canadian Pac 10¾ 93	100	100½	101	+0⅛	+0⅝	10.59
Canadian Pac 12½ 00	75	106¾	107¼	+0⅛	+0⅜	11.46
CBS Inc 11⅜ 92	100	103⅜	103⅞	+0¼	+0⅞	10.61
Chevron U.S.A. 12¼ 90	600	105	105½	+0¼	+0⅝	10.59
Citicorp 11½ 95	150	101⅜	101⅞	+0⅜	−0⅛	11.20
Coca Cola 11¾ 91	100	107½	108	+0⅛	+0⅝	9.99
Denmark Kingdom 11¼ 89	100	102½	103	+0⅛	+0¾	10.28
Denmark Kingdom 11½ 90	100	103¾	104¼	+0¼	+1	10.35
Denmark Kingdom 11½ 92	100	103¾	104¼	+0⅛	+1⅛	10.65
Denmark Kingdom 13¾ 91	100	110⅞	111⅜	+0⅛	+0⅞	10.86
E.D.F. 10 95	225	95½	96	+0⅛	+1	10.71
E.E.C. 11½ 00	100	103⅛	103⅝	+0⅛	+0⅞	10.11
E.I.B. 12 95	200	106¾	107¼	+0⅛	+1	10.78
Export Dev Corp 10 90	100	99½	100	+0⅛	+0½	10.03
Export Dev Corp 12 89	100	106⅛	106⅝	+0⅜	+1	10.04
Fed Dep Stores 10⅜ 95	100	98¼	98¾	+0⅛	+0⅞	10.71
Ford Motor Cred 11⅜ 00	100	102⅜	102⅞	+0⅛	+0½	10.57
Ford Motor Cred 11⅝ 95	100	102⅜	102⅞	0	+1⅜	11.14
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

كامل

INTL. COMPANIES

Diversification aids surge at Canon in first half

BY OUR FINANCIAL STAFF

CANON, the Japanese camera maker, pushed profits ahead stroogly lo the half-year to June, in a performance which it attributed largely tn a diversification awey from its traditional business.

Pre-tax earnings for the parent company were some 31 per cent ahead at Y22.86bn ($96.5m). This compares with the company's target of Y19.5bn and the Y17.44hn achieved in the 1984 first half.

Sales overall rose 24.3 per cent tn Y276.36bn against Y222.34bn. This, however, masked a 13 per cent dip in turnover at the camera division, where sluggish demand was encountered for single-lens reflex models.

Business machine sales, including those of Canoo's established range of copiers as well as its newer nffice automatinn products, jumped 40 per cent. Turnover in optical equipment, such as semiconductor manufacturing devices, surged 69 per cent despite the current shakennt in the world microchip industry.

The company, although stressing the sales advances made by its non-camera businesses, also identified all-round cost reductions and falling prices nf materials for electronic parts as factors which aided tha earnings boost.

Cameras now account for only 23 per cent of Canon's business—down markedly from 33 per cent e year earlier—while the office equipment side grew from a 61 per cent share to 68 per cent.

Export sales rose 22.2 per cent to Y202.73bn, representing as much as 73 per cent nf the total turnover. This was not without its negative aspect, however: fnreign exchange lnsses nf Y2.78hn were incurred during the period.

Net earnings emerged at Y10.96bn or Y19.70 per shere, against Y9.22bn nr Y19.28. The interim dividend is being maintained at Y6.25 for a year's total which Canon expects to leave unchanged at Y12.50.

The company forecast full-year taxahle profits nf Y42.5bn, up a more modest 9.7 per cent.

Tokyo issue for Australian bank

BY LACHLAN DRUMMOND IN SYDNEY

A PUBLIC offering of shares in Natinnal Australia Bank opens in Japan todey, as a prelnda tn next month's Tokyo Stock Exchange listing fnr the number three private sector Australian bank.

The 10m shares on offer will raise some A$46.1m (US$32.7m) and represent 3 per cent of the bank's expanded capital. After the issue, underwritten and lead managed by Nikko Securities, the National will become the first Australian company to be listed on the foreign sectinn of the Tokyo exchange.

When the issue enlisting was announced in March tha National was to become the 17th foreign company and sixth foreign bank to list in Tokyo. The National is already listed in London and New Zealand, as well as in Australia.

The bank said yesterday that tha additional sum would support its continuing expansion of domestic banking operations and its growing presence in international financial markets.

It will receive a net A$44.5m from the shares, which will rank equally with existing capital and participate in the final dividend for its September 30 year.

Brokers' analysts expect the Natinnal to earn ebout A$300m for the year, np from A$228m, and tn pay a 13.5 cents a share final dividend for a 27-cent annual total.

Boonsong K'Thana adds from Bangkok: Thailand's central bank has granted National Australie permission to establish a representative office in Bangkok. It is the first Australian bank to set np a Thai office, which it plans to open in December. The office will give the hank its fourth presence in Asean countries. It already has a branch in Singapore and representative offices in Kuala Lumpur and Jakarta.

SAAN shows loss at midway

BY JIM JONES IN JOHANNESBURG

SOUTH AFRICAN Associated Newspaper (SAAN) suffered an operating loss of R6.8m ($2.8m) in the six months to June despite the closure of the Rand Daily Mail, the publishing group's main morning newspaper.

An operating profit of R2.7m was earned before tax and interest in the first half of 1984 while an operating loss of R8.8m was recorded for last year as a whole.

Mr John King, who became managing director in May, said the first-half loss was dne to a 14.8 per cent reductioo in advertising revenue, a 9.5 per cent increase in distribution costs and a 6.2 per cent operating cost advance. He added that the Mail and other newspapers which were closed accounted for R5.8m of the deficit.

The performance reflected a shift by advertisers away from newspapers towards electronic media, he added. Nevertheless, stringent cost controls should contribute to an improvement during the current six months.

The first-half loss per share was of 251 cents and the interim dividend has beeo omitted. Last year first-half earnings were of 125 cents a share and an interim dividend of 25 cents was declared. A final dividend was omitted last year and a per share loss of 315 cents was incurred for the whole of 1984.

Mr King has assumed the position of acting chairman following the resignation last month of Mr Ian Macpherson, the previous chairman.

Malaysian Shell doubles interim profits

By Our Kuala Lumpur Correspondent

SHELL REFINING COMPANY nf Malaysia doubled pre-tax prnfits in the half-year to June, tn reach 51.9m ringgit (US$21.2m) aginst 25.1m ringgit.

Turnover rose 11 per cent to 924.5m ringgit, while net profits were 95 per cent higher at 27.6m ringgit against 14.3m ringgit, or 23.1 ceots per share compared with 11.9 cents previously.

The company said although refining volume, at 66,500 barrels a day, was down by 2 per cent, profit margins were much improved, largely because of petroleum prices, posted in Singapore, falling less rapidly than those for crude oil.

The company's products sold in Malaysie are based on Singapore prices.

Shell said that since May, prices of a number of petroleum products have been cut, and this would mean a curb on earnings fnr the company.

Shell is paying an interim dividend of 6 cents compared with 5 cents previnusly.

Innovest in agreement to take control of KFCS

BY WONG SULONG IN KUALA LUMPUR

INNOVEST, the Malaysian investment and engineering group, has announced that it has reached agreement to buy a controlling stake in the publicly listed Kentucky Fried Chicken franchise of Singapore.

Innovest said it would acquire 57.3 per cent of Kentucky Fried Chicken Singapore (KFCS) from Mr Loo Cheng Ghee, the cootroversial Malaysian businessman, in a deal which values the company at S$46.8m (U.S.$20.9m).

It will extend tha same terms to minority shareholders, but added that Mr Loo wnuld retain 10 per cent of the company.

KFCS, which went public two years ago, operates 26 outlets on the island republic and made pre-tax profits of S$2.2m for the year to last December. It had net tangible assets of S$18.7m.

Mr Loo also holds the Kentucky Fried Chicken franchise in Malaysia, in which it is understood that Innovest is also negotiating to acquire a major stake.

Mr Loo was et the centra of e controversy 18 months ago when he tried to corner tha palm oil futures market in Malaysia. The ensuing speculation led to a series of massive defaults that has since crippled the once flnurishing Kuala Lumpur Commodities Exchange.

In January Mr Loo sacked Mr Kasamichi Yazawa as managing directnr of KFCS at a moch-pnblicised annual meeting, a move which he followed up hy terminating a US$8m annual contract with Charenn Pokphand, his Thai chicken supplier.

The change of control in KFCS reportedly has the hlessing of Heublein International of Connecticut, the world franchise holder, which has held several meetings with Mr Loo.

Innovest (formerly Fusan Fishing Nets) was restructured two years ago, and is now headed hy Dr Mokhzani Abdul Rahim, a businessman who is also chairman of Bernama, the Malaysian national news agency.

Apart from acquiring a profiteble husiness, Innnvest is attracted by the publicly listed status of KFCS in Singapore, an area in which it is actively looking for business npportunities.

Deficit mounts at UOL

By Chris Sherwell in Singapore

UNITED OVERSEAS Land, one nf Singapore's principal property development cnmpanies, yesterday reported severe losses for the second quarter i0 succession as the islend state'a real estate decline tightened its grip.

The results fnr the six months to June showed an after-tax loss nf S$3.34m (US$1.5m) compared to a S$11.45m profit in the same period last year. Turnover was down 45 per cent from S$38m to S$21m.

The group, controlled by interests related to the United Overseas Bank, one of Singapore's "big four" commercial banks, moved into the red in the second quarter of 1984, when it reported after-tax losses of S$4.55m.

"As the outlook for the property market and hotel industry remains poor, the results of the group and the company for the year will be significantly below those of the preceeding year," the directors said yesterday.

Earlier this year speculatioo was rife that United Overseas Land was a takeover target. This followed the acquisition of a 24 per cent stake in the company by Malaysian United Manufacturing. Analysts suggested MUM might be ready to sell this stake on, perhaps to an interested bidder.

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1980=100); engineering orders (1980=100); retail sales volume (1978=100); retail sales value (1980=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value*	Unem-ployed	Vacs.
1984							
2nd qtr.	102.4	100.4	107	110.2	130.1	3,026	154.0
3rd qtr.	102.3	101.3	106	111.1	133.3	3,076	165.1
4th qtr.	103.4	101.2	104	113.6	164.0	3,103	166.5
1985							
1st qtr.	105.5	102.2	102	112.6	133.9	3,138	157.5
2nd qtr.	107.8	102.8		114.9	141.4	3,174	169.5
January	105.1	101.6	98	111.6	134.4	3,124	157.2
February	105.0	102.1	107	112.0	130.2	3,144	156.1
March	106.5	102.8	102	113.8	136.5	3,147	159.2
April	107.6	102.5	87	114.1	140.3	3,176	166.7
May	108.2	102.3		114.6	142.0	3,177	167.1
June	107.6	103.6		116.0	141.8	3,169	174.8
July				116.1		3,175	179.7

OUTPUT—By market sector; consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1980=100); housing starts (000s, monthly average).

	Consumer goods	Invst. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1984							
2nd qtr.	101.6	96.8	105.5	98.8	107.6	97.7	18.0
3rd qtr.	102.0	97.7	104.6	100.2	110.8	98.2	16.2
4th qtr.	102.5	98.3	106.1	99.7	107.3	99.4	13.3
December	103.0	100.0	106.0	101.0	109.0	100.0	9.5
1985							
1st qtr.	102.2	101.3	108.9	102.7	112.1	98.9	13.8
2nd qtr.	101.8	102.6	113.2	103.4	119.9	99.1	18.3
January	102.0	100.0	109.0	102.0	108.0	98.0	11.7
February	102.0	101.0	108.0	103.0	112.0	99.0	13.2
March	102.0	102.0	110.0	103.0	117.0	100.0	16.6
April	102.0	102.0	113.0	103.0	119.0	98.0	17.9
May	102.0	102.0	114.0	103.0	120.0	99.0	19.9
June	103.0	104.0	112.0	104.0	121.0	100.0	18.8

EXTERNAL TRADE—Indices of export and import volume (1980=100); viable balance; current balance (£m); oil balance (£m); terms of trade (1980=100); excluding reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv. US$bn*
1984							
2nd qtr.	109.1	119.7	−1,228	−203	+1,543	97.3	15.51
3rd qtr.	109.9	122.7	−1,643	−512	+1,804	97.2	15.26
4th qtr.	119.7	129.1	−1,327	+373	+1,468	96.6	15.52
1985							
1st qtr.	120.5	128.5	−1,347	+123	+1,862	96.2	14.80
2nd qtr.	120.3	125.7	−297	+1,203	+2,361	97.9	14.11
January	118.2	121.2	− 86	+402	+926	96.5	15.52
February	123.6	127.5	−263	+307	+675	95.9	15.35
March	119.6	136.8	−999	−486	+260	96.3	13.53
April	121.5	129.7	−277	+223	+684	97.0	14.03
May	121.4	120.8	+224	+724	+835	98.0	13.98
June	118.1	126.6	−243	+257	+842	98.8	14.32
July							14.26

FINANCIAL—Money supply M0, M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); building societies' net inflow; HP, new credit; all seasonally adjusted. Clearing Bank base rate (end period).

	M0 %	M1 %	M3 %	Bank advances %	BS inflow £m	HP lending £m	Base rate %
1984							
2nd qtr.	4.6	24.5	11.1	18.9	1,795	2,876	9.25
3rd qtr.	5.3	10.2	6.3	9.9	1,628	2,813	10.50
4th qtr.	9.6	24.3	13.4	16.9	2,492	2,946	9.63
December	12.2	27.2	12.1	22.4	1,004	972	9.63
1985							
1st qtr.	2.2	0.7	9.1	15.2	1,511	3,146	13.05
2nd qtr.	5.1	32.4	20.4	19.2	1,523	3,082	12.50
January	5.0	9.0	13.6	16.3	823	1,168	14.00
February	3.1	− 5.0	4.6	13.3	474	1,013	14.00
March	− 1.3	− 1.2	9.2	16.0	214	965	13.50
April	5.4	22.2	18.8	19.5	507	1,061	12.63
May	4.2	33.2	18.4	17.7	615	1,042	12.63
June	5.7	44.6	25.1	20.2	401	979	12.50
July	4.4	19.1	8.3	16.8	650		11.50

INFLATION—Indices of earnings (Jan 1980=100); basic materials and fuels, wholesala prices of manufactured products (1980=100); retail prices and food prices (1974=100); FT commodity index (July 1952=100); trade weighted value of sterling (1975=100).

	Earn-ings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	FT* comdty.	Strlg.
1984							
2nd qtr.	155.9	134.3	132.0	350.9	329.1	305.06	79.8
3rd qtr.	159.6	134.1	132.8	353.9	326.8	288.96	78.0
4th qtr.	164.1	140.1	134.3	358.3	326.8	289.64	74.1
December	165.3	143.4	134.9	358.5	327.6	289.64	74.1
1985							
1st qtr.	165.4	146.2	136.6	362.9	332.8	295.22	72.0
2nd qtr.	170.3	138.6	139.4	375.3	339.4	278.13	78.9
January	163.4	145.3	135.9	359.8	330.6	296.96	71.5
February	164.6	147.6	136.6	362.7	332.5	295.73	71.3
March	168.1	145.5	137.5	366.1	335.4	295.22	73.3
April	169.4	140.8	139.2	373.9	338.8	295.06	78.0
May	169.4	138.8	139.5	375.6	339.3	279.98	78.7
June	172.0	136.7	139.6	376.4	340.1	278.13	79.9
July		134.0	140.0	375.7	335.3	259.51	83.6

* Not seasonally adjusted.

AIBD BOND INDICES

WEEKLY EUROBOND GUIDE AUGUST 20 1985

	Redemption Yield	Change on Week	12 Months High	12 Months Low
US Dollar	10.836	−0.451	13.047	10.629
Canadian Dollar	11.756	−0.626	13.721	11.708
Euroguilder	6.401	−4.884	7.879	6.401
Euro Currency Unit	9.284	−0.168	11.325	9.230
Sterling	11.047	0.259	11.755	10.809
Deutschemark	7.036	−0.711	8.195	7.036

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UK COMPANY NEWS

W. H. Smith plans rapid expansion

WITH THE announcement of its results for 1984-85, showing an annual growth rate of 12 per cent at the pre-tax stage, W. H. Smith & Son (Holdings) has outlined its biggest-ever shops and stores expansion programme.

Mr Simon Hornby, the chairman, says the group will see capital spending this year rise from just under £31m to around £50m.

He again denies that the big U.S. acquisition—of Elson group—was in any way a defensive move against any would-be suitors for Smith. "There have been no approaches—not one," he declared.

Turnover in the year ended June 1, 1985 came to £1.07bn, compared with £986.45m for the previous 12 months based on unaudited management figures, and with £1.29bn recorded for the actual period of 70 weeks ended June 2, 1984. Profit before tax on the same basis reached £43.05m, against £38.4m and £43.43m.

The dividend is being raised. On the A ordinary the final is 3.3p for a net total of 5p, against an adjusted 4.2p, while on the B the final is 0.66p for a net total of 1p (0.84p).

Mr Hornby says the current year has seen a very satisfactory start. The retail division has done well and the Do it All side has maintained its rate of growth. Wholesaling operations are satisfactory.

"The level of our dividend distribution demonstrates our confidence in the future," the chairman states.

He projects that over the next few years the group will be opening 80 to 100 shops and stores a year in the UK, and 50 annually in the U.S.

Within the next month the group will be announcing its first prototype specialist record shop Sounds FX in the South of England. Before Christmas it expects to have 15 at new sites throughout the UK, and within the next two years aims to take the total up to 100.

Specialist book shops also feature within the expansion plans. Before Christmas there will be four and then between eight and ten a year are planned to be opened.

The American Elson chain is also set for rapid growth. Over the next 16 months it plans to add another 90 retail stores to its existing 190-strong chain, and thereafter plans openings of 50 a year.

The acquisition of Elson means the group gearing this year will climb to around 40 per cent, from a nil figure at the end of June, and a positive position in the previous year.

Overall, North American operations this year will see eight months' contribution from the new acquisitions, but will make up less than 10 per cent of total group profits.

In 1984-85, sales in the Smith retail chain of newsagents, booksellers and stationers were up 5 per cent on the same period previously. The space relocation programme—giving more room to the traditional products—has produced good results and increasing market shares.

Mr Simon Hornby, the chairman of W. H. Smith

There was a major jump in profits of W. H. Smith Do it All and this justifies confidence that the business will develop into an important source of profit growth. At the beginning of June this side traded from 54 stores and 18 more are planned for this year.

Sales increased to £76.23m in 1984-85, a surge of nearly 42 per cent over the previous year, and this produced a pre-tax profit of £4.25m. For the 70 weeks the figure was £1.62m.

The star performance from these operations came on an underlying volume growth of around 24 per cent. Mr Hornby says the return on working assets is just 2 per cent against less than 9 per cent last year—and the ultimate aim is for 30 per cent.

In computer retailing, the group has received "a nasty shock" to its profits but is not disclosing the extent of the shortfall. Computer sales over the year fell back from £28m to £21m. This year sales are likely to fall again, but profits are expected to improve as the emphasis is switched to the software business where margins are better.

In wholesaling, total sales rose by 6.5 per cent to £441.19m over the 12 months, and the profit came to nearly £14m. The figure was £16m for the 70 weeks. Daily newspaper sales held up well despite further price increases.

Included in the pre-tax profit are property profits £461,000 (£161,000 year) after relocation costs £1.64m, share of related companies £568,000 (loss £85,000), and net interest receivable £37,000 (£1.09m).

See Lex

Vickers to pay £11.3m for U.S. company

By Lisa Wood

VICKERS, the UK engineering and car group with a growing medical and scientific division, is to acquire Teca Corporation, a U.S.-based manufacturer and distributor of medical equipment, for about £11.3m ($16m) in cash.

Teca is the only distributor in the U.S. for Medelec, part of Vickers' medical and scientific division, which manufactures neuro-diagnostic equipment. The acquisition will give Vickers direct access to the U.S. neurology market—50 per cent of the world market for Medelec products.

Mr David Plastow, chief executive of Vickers, said yesterday the acquisition was strategically important, in line with developing core businesses and expanding international markets for all Vickers' companies.

Vickers' business equipment division recently acquired Comforto, a privately-owned West German company, which manufactures office seating. In 1984 and 1985 respectively Medelec, as part of its strategy to acquire direct access to end-users, bought Medico Electronics of Belgium and ECEM of France.

Teca has annual sales of $15m and an audited net worth at the end of 1984 of $4.5m. Its full-year profits were £1.02m. The purchase price will increase or decrease marginally in line with the net value of some liabilities and assets retained by Teca.

Hawley improves to £12m and confident for future

DURING the first six months of 1985 the Hawley Group performed well overall despite problems in the home improvements division where a profit shortfall was met by a better-than-expected performance in most other areas.

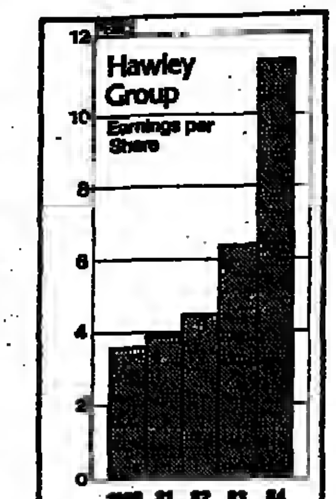
Group chairman Mr Michael Ashcroft tells shareholders that the results justify the directors' corporate strategy of development of the service-based businesses on both sides of the Atlantic.

He adds that management priorities continue to be the improvement of earnings through higher trading efficiency, greater cost effectiveness and selective expansion.

For the opening six months group sales surged from £119.23m to £193.17m and at the pre-tax level profits advanced by £1.11m to £12.12m.

The group, which switched its domicile from London to Bermuda last year and deems its head office to be in Rosaland, New Jersey, is engaged in security services, home improvements and cleaning maintenance.

Following implementation of a scheme of arrangement in the latter part of 1984 the group's ordinary equity was replaced by an issue of common shares on a one-for-one basis.



The interim dividend on the new US$0.01 shares is 1.75 cents, an increase of 20 per cent over last time's gross equivalent, which the directors say is indicative of their confidence in the future.

Tax for the half year accounted for £2.15m, against a previous £3.67m, to leave net profits £1.72m ahead at £8.86m, or 4.6p (4.1p restated) per share.

Mr Ashcroft says the security and cleaning and maintenance interests are performing well while the necessary rationalisation and integration of the acquisitions continue to be implemented, the benefits of which are taking longer than expected to flow through to the profit line.

Although the pound/dollar exchange rate has moved against the group since the beginning of the year he remains "confident and committed" to the dollar-based revenues in the long term.

The home improvements division suffered from continuing high mortgage interest rates, a complete management reorganisation and difficulties in the turnround of Moben Kitchens.

Further progress was made in the travel and leisure division, with bookings up on last year. The group's associates also reported an increased contribution.

For the 1984 year as a whole Hawley raised its pre-tax profits from £14.23m to £31.48m.

See Lex

Mersey Docks advances 10%

The Mersey Docks and Harbour Company, which runs the port of Liverpool, lifted pre-tax profits by 10 per cent in the six months to June 30, 1985 but its labour surplus remains an obstacle to progress, according to Mr James Fitzpatrick, chairman.

Pre-tax profits were up from £1.28m to £1.41m on turnover of £28m compared with £27m.

Mr Fitzpatrick says the results were modest but positive. He expects a profit in the second half but warns that maintaining the same level of performance will be more difficult.

The company's labour surplus problems were compounded in the first half when it was obliged to take on another 24 dock workers following the withdrawal of the Isle of Man Steam Packet Company.

Mr Fitzpatrick says this was at a time when a severance scheme had failed to cut the 250 surplus dock workers. The port employs about 2,000 registered dockers.

He warns that the surplus will have to be reduced if the company is to achieve the reductions essential to its long-term well-being.

In the first half, severance costs of £1.5m (£1.16m) were cancelled out by repayable Government grants of £1.5m (£1.16m). Tax deductions of £400,000 (£500,000) left £1m (£789,000). There were no extraordinary credits compared with £45,000 in the first half of last year. Earnings per share were 5.06p (3.94p).

It is unlikely that there will be enough revenue from land sales this year to enable a payment to be made to stockholders in 1986. A Lands Tribunal hearing to determine compensation over the acquisition of the South Docks to the Merseyside Development Corporation is due to begin in February 1986.

Among the positive aspects of the first half was the improvement in cargo-handling performance, particularly at the Royal Seaforth Container Terminal.

"Productivity has reached standards which can be matched by few other ports in the UK or Europe," says Mr Fitzpatrick.

Liverpool freeport, the first British freeport in full operation, underwent significant development, handling £16m of goods on behalf of more than 100 companies and creating 40 jobs, he says.

Berths in the port of being reconnected to the national rail network, which will increase its potential to attract traffic.

The repayable grants were received under the Ports (Financial Assistance) Act 1981.

BP sells stake in Johnson Matthey

By Charles Batchelor

British Petroleum appears to have finally given up any thoughts of acquiring Johnson Matthey (JM), the metal refining and chemicals group. BP announced yesterday it had sold the 3.6 per cent stake it bought in JM last October.

"We have given up the idea of acquiring the company," BP said. It declined to disclose the price at which it sold its 4.75m ordinary shares in JM, but is understood to have made a reasonable profit on the deal.

BP said in February that it had been unable to obtain sufficient information from JM about its trading arrangements to take its approach further at that stage.

BP bought its JM holding after the Bank of England had stepped in to buy JM's troubled banking subsidiary, Johnson Matthey Bankers, for a nominal sum.

BP disposed of its JM holding over several weeks and believes the shares were taken up by a large number of investors. It also sold the 633,330 JM convertible preference shares

BOARD MEETINGS

TODAY

Interims: T. F. and J. H. Braime, Dewey Warren, L. M. Ericsson (Telefonaktiebolaget), Garfunkels Restaurants, Horizon Travel.

Finals: John Beales, Dale Electric International, Samuel Heath, Humberside Electronic Controls, Press Tools.

FUTURE DATES

Interims—

Associated Steel Distributors	Sept 2
Benford Concrete Machinery	Sept 2
Family Investment Trust	Sept 4
Goode Durrant and Murray	Aug 28
Hillsdown	Sept 4
Laidlaw	Sept 19
Laing Properties	Oct 1
Pentland Industries	Aug 28
Perry Group	Sept 19
Systems Reliability	Sept 3

Finals—

Consolidated Gold Fields	Sept 17
Samuelson	Aug 27
Worthington (A. J.)	Aug 27

SelecTV may call for cash

By Richard Tomkins

SelecTV, the cable television company chaired by Mr Robert Maxwell, yesterday announced pre-tax losses of £255,570 for the year to March and said a substantial rights issue was under consideration.

Losses were reduced from the previous year's £1.04m through a heavy rationalisation of the Northampton operation during the year and through the disposal of the loss-incurring Milton Keynes business to British Telecom.

Turnover fell to £261,609 (£272,624) but net operating expenses were cut from £1.43m to £887,913. The dividend was again passed but the shares put on 1p to 8p.

Mr Alan Morris, managing director, said the number of subscribers had grown during the year. "But I do not think we are going to see significant profits earned in this financial year."

Mr Maxwell said he remained confident in the long-term prospects for the cable television industry and that SelecTV was working with local and national organisations with a view to applying for Cable Authority franchises to operate in a number of towns and cities.

"It will not, however, be easy for a company with SelecTV's present slender resources to take advantage of the opportunities now arising. Accordingly plans are under active consideration for a substantial rights issue whereby SelectTV can raise sufficient funds to allow it to be a major participant in suitable franchise applications," he said.

Kean & Scott profits slump

Kean & Scott Holdings, the USM-listed home improvements subsidiary of Hawley, saw profits slump by nearly £3m in the first half of 1985.

Against £4.13m for the comparable period of 1984, which the company says was enhanced by a pre-VAT sales boom, taxable profits to the end of June came to £1.25m. Turnover for the six months moved ahead from £38.37m to £56.5m, but trading margins narrowed because of high mortgage interest rates and increased competition.

The Moben offshoot incurred substantial trading losses. It has been totally restructured, say the directors, but the changes were much more complex and involved far greater costs than had been expected.

The group's overall performance for 1985 will be affected by the costs of restructuring, high interests rates and the Moben integration. It is also greatly dependent on the last quarter's trading, which the directors cannot yet predict. It is hoped that Moben will return to profit in the second half.

Kean has completed a comprehensive management reorganisation with a number of senior appointments, but these changes have yet to be reflected in trading results.

The interim dividend is unchanged at 0.666p, but this should not be considered indicative of future dividend policy, say the directors. Earnings per share fell from 3.1p to 0.8p.

Further progress for Insight

Insight Group, the Hawley subsidiary with interests in travel agencies and tour operators, increased its first-half pre-tax profits from [illegible] from a turnover £2.55m ahead at £12.44m.

A lower tax charge of £262,000 (£485,000) left the net result at £1.15m, against £564,000. Earnings amounted to 6p (2.5p) and the interim dividend for the six months to June 30 is being increased from 0.75p to 0.975p net per 25p share.

The directors say bookings in 1985 are ahead of last year, sales having increased significantly in the U.S. and Canada where there are excellent long-term growth prospects.

Sales revenue generated in North America currently accounts for less than 20 per cent of total group sales and Insight is continuing to concentrate on increasing penetration in this "very attractive market" through the development of wholly owned marketing companies which were established in 1982.

The group, formerly Black and Edginton (Holdings), remains the market leader in Australia and New Zealand and has extended its product range.

The directors add that while 1985 is proving to be another excellent year the programmes for 1986 have been enlarged in anticipation of a further significant increase in passengers carried.

A number of potential acquisitions in the travel sector have been reviewed but a company matching the group's criteria has not so far been found.

Export sales lift Vimto

ALTHOUGH fruit compound and cordial drink manufacturer J. N. Nichols (Vimto) will be held back in the second half, the directors are expecting the overall results for the year ending 1985 to be satisfactory.

In the six months ended June 30 1985 the group has shown expansion, with sales improving from £10.39m to £12.2m and profits before tax surging from £2.33m to £3.17m, a rise of 36.3 per cent.

The directors say that expected improvement in export sales materialised and this is reflected in the rise in profits. At the operating level the increase was 31.8 per cent to £2.7m, while the profit from other activities rose to £472,000 (£280,000).

However, in the second half exports will be lower and the poor summer weather will have its effect, and the combination will reduce earnings. In the comparable period last year the pre-tax profit was almost £2m.

Tax in the first half took £1.31m (£1.06m) to leave the net profit at £1.86m, against £1.27m. This gives earnings of 10.1p (7.7p) and the interim dividend is raised from 2.5p to 2.75p net; total for 1984 was 5.25p.

Charterhouse hints at bid strategy

Charterhouse Petroleum, which has seen its intended merger with Saxon Oil thrown into confusion by the intervention of Enterprise Oil, has confirmed reports that it has access to extra capital and does not rule out a bid for Enterprise. Mr Anthony Craven Walker, Charterhouse chief executive, added last night, "there may be somebody else involved."

He was speaking after Saxon shareholders had given a lukewarm response to the proposed merger. By the second closing date, acceptances had increased from 35.5 to over 36.4 per cent, while those from Charterhouse holders rose from 75.8 to 79.3 per cent. The offer has been further extended until August 28.

Shareholders who have already accepted the merger terms will be able to withdraw their acceptances from September 3 onwards.

Enterprise has bought more Saxon shares in the market at the 540p offer price, to lift its total holding to 15.84 per cent.

Telfos doubled at £0.5m

Telfos Holdings, manufacturer of non-ferrous metal products and metal spraying equipment, doubled pre-tax profits from £252,000 to £508,000 in the six months to June 30 1985 and shareholders are participating in the benefit.

The interim dividend is being raised from 1.05p to 1.4p and directors are proposing a one-for-five scrip issue. In addition, they intend to recommend a maintained final dividend of 1.54p on the increased capital.

All subsidiaries made an increased contribution to profits. Turnover was up 29 per cent from £3.88m to £5m.

Tax took £55,000 (£28,000), leaving a net profit of £453,000 (£224,000). Earnings a share were 7.2p (4.2p) and fully diluted 5.5p (3.2p).

Bell rules out counter-bid

Arthur Bell and Son, the Scotch whisky company, yesterday ruled out the possibility of a counter-bid to the £360m offer for it from Guinness.

Bell said its board, with the exception of Mr Peter Tyrie, continued to believe that shareholders would be served best if it remained independent. The Guinness offer closes at 3 pm tomorrow.

Five Oaks forecast

The directors of Five Oaks Investments forecast that profits before tax for the year to June 30, 1985, are expected to be approximately £450,000 (£152,000).

They add that the figure is subject to the resolution of certain outstanding matters concerning the company's recent development in Wales let to Inmos, and subject to audit.

Automagic little changed

AFTER AN exceptional credit of £123,000 on the sale of freehold premises, pre-tax profits at Automagic Holdings, heel bar operator, came out little changed at £512,000, against £503,000, in the 1984-85 year.

Turnover was up from £5.77m to £6.52m in the 12 months to April 27, and the directors say that current sales are ahead of budget.

Tax took £185,000 (£234,000), leaving £327,000 (£269,000) net. Last time there were extraordinary debits of £415,000. Earnings per share are stated at 7.5p (8.7p) undiluted and 5.8p (4.8p) fully diluted.

The dividend for the year is held at 5.6p with an unchanged final of 3.6p. Mr Michael Strom, the chairman, and his wife have waived their dividend on an aggregate of 1.75m shares.

The company, formerly Heelamat Holdings, says it will make strenuous efforts to reduce overheads in all departments.

LADBROKE INDEX
983-987 (+1)
Based on FT Index
Tel: 01-427 4411

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Britannic Ass.	int.	9.5	Oct 4	8.5	—	25.5
Hawley	int.	1.75‖	Jan 30	—	—	—
Insight	int.	0.98	Dec 6	0.75	—	2.5
Kean & Scott‡	int.	0.67	Feb 14	0.67	—	1.67
Nichols (Vimto)	int.	2.75	Oct 30	2.5	—	5.25
Pearl Assurance	int.	15.25	Oct 4	13.75	—	38
W. H. Smith "A"		3.3	Oct 18	4.1	5	5.6¶
W. H. Smith "B"		0.66	Oct 18	0.82	1	1.12¶
Telfos Holdings	int.	1.4	Oct 25	1.05	—	2.56

Dividends shown in pence per share except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ For 70 weeks. ‖ U.S. cents.

Public Works Loan Board rates

Effective August 21

Years	Quota loans repaid by EIP†	Quota loans repaid A‡	Quota loans repaid at maturity§	Non-quota loans A* repaid by EIP†	Non-quota loans A* repaid A‡	Non-quota loans A* repaid at maturity§
1	—	—	10⅝	—	—	11⅛
Over 1, up to 2	10⅝	10⅝	10⅝	11⅛	11⅛	11¼
Over 2, up to 3	10⅝	10¾	10¾	11¼	11¼	11¼
Over 3, up to 4	10⅝	10⅝	10¾	11⅛	11⅛	11⅛
Over 4, up to 5	10¾	10¾	10¾	11⅛	11⅛	11¼
Over 5, up to 6	10¾	10¾	10⅞	11¼	11¼	11¼
Over 6, up to 7	10¾	10¾	10⅞	11¼	11¼	11⅛
Over 7, up to 8	10¾	10¾	11	11¼	11¼	11⅛
Over 8, up to 9	10¾	10⅞	10⅞	11¼	11¼	11⅛
Over 9, up to 10	10¾	10⅞	10⅞	11¼	11⅛	11⅛
Over 10, up to 15	11	10⅞	10⅞	11¼	11⅛	11⅛
Over 15, up to 25	10⅞	10⅞	10⅝	11⅛	11⅛	11⅛
Over 25	10⅞	10⅝	10⅝	11	11	10⅞

* Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

HOW TO MAKE YOUR BELL'S INVESTMENT WORTH 90% MORE.

You probably don't need reminding, but your Bell's shares, only three short months ago, were languishing at a mere 143p each.

Once rumours of a bid started your shares began to climb.

Now, the bid by Guinness values your shares at 272p, a massive 90 per cent increase.

THE OFFER CLOSES TOMORROW, FRIDAY 23RD AUGUST 1985 AT 3PM.

(Although Guinness reserve the right to extend the offer if a competitive one is made, this seems increasingly unlikely.)

What you probably don't need reminding about either is that the share price in a company which has been the subject of an unsuccessful bid often falls.

Our advice therefore is to complete your acceptance forms for the Guinness offer now.

Forms must reach Barclays Bank PLC, New Issues Department, P.O. Box No. 123, Fleetway House, 25 Farringdon Street, London EC4A 4HD no later than 3.00pm tomorrow Friday 23rd August 1985. (A pre-paid addressed envelope was sent to you with your acceptance forms.)

If you live in Scotland, your acceptance will reach Barclays by the deadline, if you deliver it by 3.30pm today, Thursday 22nd August 1985 to the Manager of any of these branches of Clydesdale Bank PLC:

30 St.Vincent Place, Glasgow,
29 George Street, Edinburgh,
23 South Methven Street, Perth,
96 High Street, Dundee,
5 Castle Street, Aberdeen.

If you have a problem completing your acceptance form please contact Barclays Bank PLC, New Issues Department on 01-248 1234 Ext.4225.

Alternatively your Bank Manager, Stockbroker or Solicitor may be able to help you.

You've no time to lose. Just a great deal of money.

GUINNESS PLC

DRAUGHT AND BOTTLED GUINNESS. HARP. KALIBER. DRUMMONDS. MARTIN THE NEWSAGENT. LAVELLS. 7-ELEVEN. CLARE'S. CHAMPNEYS AND STOBO CASTLE HEALTH RESORTS. NATURE'S BEST VITAMINS. GUINNESS PUBLISHING.

ACT NOW. ACCEPT THE GUINNESS OFFER.

This advertisement is published by Morgan Grenfell & Co. Limited and Noble Grossart Limited on behalf of Guinness PLC. The Directors of Guinness PLC are the persons responsible for the information contained in this advertisement. To the best of their knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained in this advertisement is in accordance with the facts. The Directors of Guinness PLC accept responsibility accordingly.

Extended warranty losses add to Pearl's problems

HEAVY LOSSES on its UK extended warranty insurance involvement, together with the impact of severe weather last winter and further problems in the U.S., resulted in net profits of Pearl Assurance being halved at the interim stage from £8.36m to £4.16m.

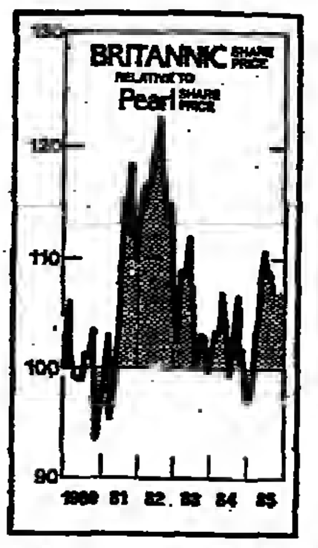
However, the company is lifting its interim payout by more than 10 per cent from 13.75p to 15.25p—an increase which the board justifies as reflecting the long-term strength of the company.

The company reported a substantial advance on long term profits to shareholders of more than 15 per cent, from £7.85m to £9.07m. But this failed to cover e dramatic collapse in Pearl's general insurance and reinsurance business where underwriting losses jumped from £5.68m to £15.12m. This led to net after tax losses soaring from £280,000 in the first half of last year to £6.02m in the first half of this year.

Pearl's problems this year started with the severe weather in January and February, with the big freeze up being responsible for underwriting losses in the property account rising from £3.22m last year (itself a poor year) to £5.73m.

The company in common with other insurers experienced problems on its UK motor account with losses rising from £1.43m to £3.22m over the period. However, the effects of a rate increase at the beginning of the year started to come through in the second quarter.

Then the company's UK operations were severely affected by the problems in the extended warranty insurance field—the insurance of white goods and motors for a period (usually four years) after the end of the manufacturers' guarantee. The company has set aside £2.7m to meet its reinsurance liabilities on a portfolio of extended warranty business, including one with the London Electricity Board, which was discontinued in the spring of this year.



In the U.S., the company has taken a further look at the reserves of its reinsurance subsidiary, Monarch of Ohio, and put in a further £650,000 on top of last year's massive capital injection. Pearl has now decided to dispose of the company, talks are in progress with a prospective buyer and the sale is expected to be completed by the end of the year.

A further £1.5m was put into Community Reinsurance Corporation where the business is being run off.

A successful period for new life and pensions business is reported. New annual premiums in the ordinary branch rose 21 per cent from £7.23m to £8.75m, with a 150 per cent jump in self-employed pension premiums (from £1.68m to £4.13m) more than offsetting a 17 per cent drop in life business. Single premium business in the branch however dropped from £11.36m to £10.14m, reflecting a decline in annuity business.

New annual premiums on unit-linked life business rose slightly from £3.19m to £3.25m, even though last year's figure was boosted by the pre-Budget boom ahead of the loss of LAPR. New annual premium linked pension business rose over 40 per cent from £820,000 to £1.16m. The company's linked bond business was extremely buoyant, jumping from £8.55m to £14.53m.

● comment

Pearl's steadily rising life profits were unable to cope with the severe downturn in its general insurance business at the half year stage. Not only has the company been hit by the big freeze-up early in the year, it has been caught by the problems experienced by insurers operating in the white goods area, while it has had to pump more capital into the ill-fated U.S. ventures. However better weather in the second half of the year, the benefits of rate increases and the decision to sell one of its two U.S. companies together with higher life profits should lead to a slight improvement on last year's £14.5m profit. The share price of £11¼, down 50p on the results, yields 5.4 per cent on a forecast 48p dividend—13 per cent up on last year.

Milbury shareholder seeks DoT inquiry

BY DAVID GOODHART

A MINORITY shareholder in the building and property group, Milbury, will today seek High Court approval for a Department of Trade inq uiryintoteThHM of Trade inquiry into the company formerly controlled by Mr Jim Raper's St Piran group.

The St Piran group has now sold Milbury to Poco Properties, based near Manchester, for £1. But it is understood that Milbury Homes (South) and the Westminster Property Group—acquired by Milbury in 1983 for about £9m—were not part of the deal.

Westminster has now been transferred to Mr Raper's private "master" company St Piran following Milbury's failure to repay it a loan. The Stock Exchange has stated that it is inquiring into "the lack of information concerning the default on the loan made to Milbury by St Piran."

To the year end March 31 1984, Milbury made pre-tax profits of just over £2m on turnover of £25.71m. However earlier this year Milbury Homes (North) ran into liquidity problems and after Mr Raper's failed attempts to sell it the share price collapsed. It was suspended on Tuesday at 18p after Mr Raper's announcement that his 78.7 per cent stake had been sold.

Poco Properties, a private company, made pre-tax profits of £86,000 on a turnover of £13.7m in 1984.

The minority shareholders in Milbury include S. G. Warburg the merchant bank with 380,000 shares. Henry Ansbacher—who were acting for Mr Raper—have now stopped doing so.

David Goodhart on Jim Raper's City wars

Bringing back memories

Mr Jim Raper, the financier, was described by Department of Trade inspectors in 1981 as "e man of infinite resource and sagacity, like Kipling'e Mariner."

But his recent return to prominence in connection with the disposal of the building and property company Milbury will have prompted several less flattering memories in the Stock Exchange and Take-over Panel.

Mr Raper began a four year battle with the City's regulatory institutions in 1979 when it was alleged he had acquired "with concert parties" more than 30 per cent of St Piran, the mining and building group, without making a full bid as required under the Take-over Code.

In May 1980 St Piran's share listing was frozen and in June of hte same year the Take-over Panel delivered one of its most stinging rebukes on record by describing Mr Raper as "unfit to be a director of a public company." It also ordered him to make a full bid for St Piran at 85p.

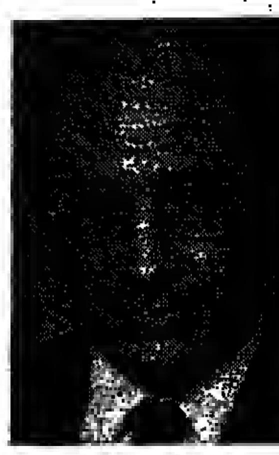
Mr Raper struck back by describing the Panel's actions as "disgraceful" and accused it of acting like a "Star Chamber." He eventually did make a full bid but offered only 50p, later 60p, a share. Most shareholders accepted the 60p offer and washed their hands of the controversy.

A Department of Trade investigation came to conclusions broadly in line with the Panel's and the inspectors' report called on the Trade Secretary, then Mr John Biffen, to use his powers to petition the court to wind up St Piran. Mr Biffen decided, however, to ignore this advice saying that costly litigation could not be in the public interest.

The case had meanwhile assumed an importance quite out of proportion with the size of the company. It was seen by critics of the City as conclusive proof that the self-regulatory system does not work and even supporters of the system had to concede that effective statutory regulation was needed to support the non-statutory code.

For the next two years Mr Raper remained an outcast with no dealing permitted in any of his companies and stockbrokers and merchant bankers barred from having dealings with him.

In February 1983 cold war turned to hot war again when Mr Raper, having built up a 29.9 per cent stake in the Westminster Property Group, acquired—in the form of a mortgage—a further 15 per cent from Mr David Kirch, a Jersey-based property developer, in return for a £1.1m loan.



Mr Jim Raper

The Take-over Panel ruled that this amounted to full purchase of the shares and instructed him to make a full bid. For several weeks he again defied the City authorities—then quite unexpectedly, peace broke out.

As the advocates of self-regulation had hoped the price of excommunication eventually became too high for Mr Raper and he agreed to make a (successful) full bid. In return the Stock Exchange expunged its ruling that "he is unfit to be a director of a public company" and lifted its ban on his companies.

He was later quoted as saying that his reputation as a man at war with the City had hampered his expansion plans and that he had suffered from being denied access to the expertise and advice of merchant banks.

For the last 18 months all has been quiet — apart from a rumbling legal action in the Isle of Man — but in view of the latest Milbury controversy a lot of "I told you so's" are now being whispered around the City.

One senior City figure said rather bitterly last night: "We thought we had him back in the fold but it now all seems to have gone terribly wrong."

Britannic Assurance payout up

AN 11.76 per cent increase in its interim dividend, from 8.5p to 9.5p, is announced by Britannic Assurance, the Birmingham-based home service insurance company.

As usual, the company gives no other indication of profitability at the halfway stage. Total premium income on its industrial branch account rose by 2.4 per cent from £46.46m to £47.59m, while in the ordinary branch it climbed nearly 10 per cent from £14.57m to £15.98m. Premium income in the general branch was up by 5 per cent from £8.42m to £8.87m.

The company reports a rather static new business performance in the first half of this year. New annual premiums in the industrial branch were marginally lower at £3.64m against £3.71m, with an underlying growth rate of 5 per cent, slightly below the industry average.

In the ordinary branch, a more than doubled growth in self-employed pensions business failed to cover an 18 per cent drop in life business, and new annual premiums were down 2 per cent from £3.71m to £3.64m. Single premiums were slightly lower.

The only bright spot was the company's unit-linked business with single premium bond sales up nearly 40 per cent from £1.72m to £2.39m. Linked annual premiums amounted to £80,000 since the start of this business in May.

The share price rose 3p to 750p on the announcement, even though the dividend increase was at the lower end of market expectations, yielding 5.6 per cent gross on a forecast 29p dividend for the year.

Astra's £810,000 placing

Astra Holdings, Britain's second largest maker of fireworks, yesterday sold £810,000-worth of shares—nearly 52 per cent of its equity—through a private placing and announced plans to join the Unlisted Securities Market within three years.

Astra was the subject of a £100,000 management buy-out in 1981 and it has since spent £500,000 on modernising its factory and diversifying into military and marine pyrotechnics, including smoke bombs, distress flares and explosion simulators. At yesterday's 135p placing price, the privately-owned group is valued at £1.5m.

Taxable profits rose from £24,000 to £102,000 in the year to last March on sales up from £2.8m to £3.4m. The group forecasts a £300,000 profit for the current year.

Stockbrokers Hichens, Harrison arranged the placing with County Bank of 600,000 shares, 51.75 per cent of the company's equity. The price stands at 6.75 times forecast earnings of 20p per share after a 40 per cent tax charge.

The cash, amounting to £615,000 of new money after expenses, will be used to reduce Astra's £768,000 bank borrowings. Astra's shares are currently traded under the Stock Exchange's Rule 535 (2), which permits occasional matched baragions subject to the SE's approval.

Property Trust share block changes hands

Mr Baddru Virani, together with his son, Azim, have acquired e 10.6 per cent stake in Property Trust, formerly London & Manchester Securities.

The stake was purchased from London Securities, which last year mounted an unsuccessful takeover bid for London & Manchester. Mr Baddru Virani, who is the uncle of Mr Nazmu Virani, chairman of the Belhaven Brewery group, is to become executive chairman and Azim joins the board as an executive director.

The Viranis have also negotiated a one-year option to purchase a further 19.9 per cent of the company from London Securities. Mr J. D. Collett has resigned as chairman and a director of the company.

Hogg Robinson £97,000 payout

Hogg Robinson Group, the international insurance broker, paid out £97,000 for "compensation for loss of office" to former executives in its last financial year, according to the report and accounts published yesterday.

The group declined to identify to whom it had made the payments but during its last financial year ending March 31, 1985 there were a series of management changes.

Hogg Robinson also revealed in its accounts that it was to change its auditors. Accountants Neville Russell, the group's auditors for nearly 20 years, are to be replaced by Deloitte Haskins & Sells. The group says the change is being made because of its increasing emphasis on the international development of its business. Hogg said yesterday that Neville Russell were more London-based and it needed an auditor with an international network.

Vintoil board spurns bid

DIRECTORS of Vintoil SA, a Luxembourg-registered company with interests in oil and gas fields in the U.S., are urging shareholders to reject a bid from Sherwood Oil, an oil and gas production company.

Brown Shipley, Vintoil's merchant bankers, said holders of 30 per cent of Vintoil's equity had undertaken not to accept the bid and holders of a further 21 per cent had indicated they did not intend to accept.

Sherwood's offer follows unsuccessful approaches to merge with Vintoil, which is quoted on the Luxembourg Stock Exchange. Vintoil has an issued share capital of US$3.8m and its shares are held principally by UK, French and other continental investors.

Sherwood said last week, in announcing the bid, that it had received acceptances for 34 per cent of Vintoil. Brown Shipley said some 20.2 per cent had opted for a cash deal while the rest had given undertakings for an exchange of shares in Sherwood for shares in Vintoil. Therefore, not all shareholders were being treated the same, it said.

Security Centres

Security Centres Holdings yesterday dismissed the £20m takeover bid from rival burglar alarms group Automated Security (Holdings) as being "particularly opportunistic in the light of unresolved litigation" between the two companies.

It also described the bid as derisory and said it undervalued the assets and profits potential of Security Centres. It compared ASH's purchases of Security Centres' shares at up to 162p earlier this year with the value of the present bid of around 130p in shares.

ASH responded that its legal action had resulted from Security Centres' withdrawal from a contract for ASH to buy its UK alarms business and that Security Centres' share price had fallen before the law suit began.

It also said that the sale of Security Centres' stake in its U.S. affiliate, SCUSA, had reduced the value of Security Centres and its bid price reflected this.

ASH criticised Security Centres for not revealing details of its trading performance in the year

REJECT THE GUINNESS OFFER

Here's why

BELL'S has growth potential

* BELL'S had 4.3 per cent by volume of total Scotch Whisky industry exports to the ten largest export markets (excluding the U.S.A.) during calendar 1984. In calendar 1982, our share was only 3.5 per cent. There is substantial scope for profitable growth abroad as BELL'S moves towards the 20 per cent market share which BELL'S has already achieved in the U.K.
* BELL'S is moving ahead in the U.S.A. - the acquisition of Wellington Importers, the hiring of key personnel and the promotional expenditure have all been necessary steps towards future success.
* The newly reopened Piccadilly Hotel can again contribute to profits. BELL'S is determined to maximise profitability and capital appreciation from its hotels business.
* BELL'S has a record of strong cash flow. Future cash flow will be available to invest in new sources of profits.

BELL'S is a sound investment

* BELL'S ordinary shares have an above-average dividend yield. At the Guinness paper offer value of 271p, BELL'S shares have a dividend yield of 4.22 per cent based on the dividend forecast of 8p (net) per ordinary share for 1984/85. That is a higher yield than shown by the FT-Actuaries Industrial Group (which is 4.04 per cent) and is higher than the yield on Guinness ordinary stock units, which is 3.78 per cent.
* BELL'S is forecasting a further increase of not less than 15 per cent in dividends for the current financial year.
* The average price earnings multiple of industrial company shares is 12.93. With that multiple applied to non-hotel profits alone, the value of a BELL'S share would be 210p with the value of the hotels in the price for nothing.
* The BELL'S team of Board and management remains dedicated to the successful growth of the BELL'S business.

(a) The source of the figures for total Scotch Whisky industry exports to the ten largest export markets excluding the U.S.A. was the Scotch Whisky Association.
(b) The statement of BELL'S strong cash flow is based on the net cash inflow from the on-going businesses of BELL'S, before acquisitions of fixed assets and investments and excluding proceeds from disposals, over the three years ended 30th June, 1984, of £58.1 million.
(c) The value of Guinness' paper offer of 271p per BELL'S share was based on the middle market closing price of Guinness ordinary stock units of 272p as shown in The Stock Exchange Daily Official List dated 19th August, 1985 (being the latest practicable date before publication of this advertisement) and by valuing the proposed 8¼ per cent convertible unsecured loan stock of Guinness at par.
(d) The source of the average price earnings multiple of industrial company shares was the FT-Actuaries Industrial Group Index on 19th August, 1985. The earnings per share to which this multiple was applied were the estimated profits after taxation and preference dividends of the Non-*Hotels Group* set out in the letter dated 5th August, 1985, divided by the existing issued ordinary share capital of BELL'S.
(e) The yield on Guinness ordinary stock units is based on the forecast dividend of 7.2p (net) for the year ending 30th September, 1985 and the price of Guinness ordinary stock units calculated in accordance with paragraph (c) above.

IGNORE THE GUINNESS SLOGANS

The Guinness bid worth 245p cash or 271p in paper IS NOT ENOUGH

Guinness' publicity masks its basic weaknesses in business and management methods

REJECT THE GUINNESS OFFER
RETAIN BELL'S FOR YOURSELVES

This advertisement is published by Arthur Bell & Sons plc whose directors (other than Mr. P.R. Tyrie) have taken all reasonable care to ensure that the facts stated and opinions expressed herein are fair and accurate and each of the directors accepts responsibility accordingly.

MANAGEMENT : Marketing and Advertising

EDITED BY CHRISTOPHER LORENZ

Mail order in the U.S.

Specialist onslaught reshapes the market

BY FRANK LIPSIUS

MAIL order catalogue publishers in America are so busy right now producing the new Christmas catalogues for their customers, that they have hardly had time to take note of the decision by Montgomery Ward to eliminate its mail order business, after the next issue. During the past five years, when mail order sales have risen 50 per cent to an estimated $45.5bn in 1985, the general catalogues like those of Ward, J. C. Penney and Sears have fallen to only 20 per cent of the business, while the other 80 per cent has been taken over by high fashion clothing houses like Bloomingdale'e and, for the first time this yeer, Benetton, the Italian group that has already covered America with 400 of its franchised shops.

Ward, for which mail order represents 15 per cent of its total $6.5bn annual sales (the major business is a chain of large stores across the U.S.), was beginning to branch out into speciality catalogues. But the backbone of mail order was the 1,000-page tome which seemed intent on reaching its original market among the rural population unable in the nineteenth century to unhitch the horses from a plough to let the ledy of the house get in her wagon to go downtown to the department store.

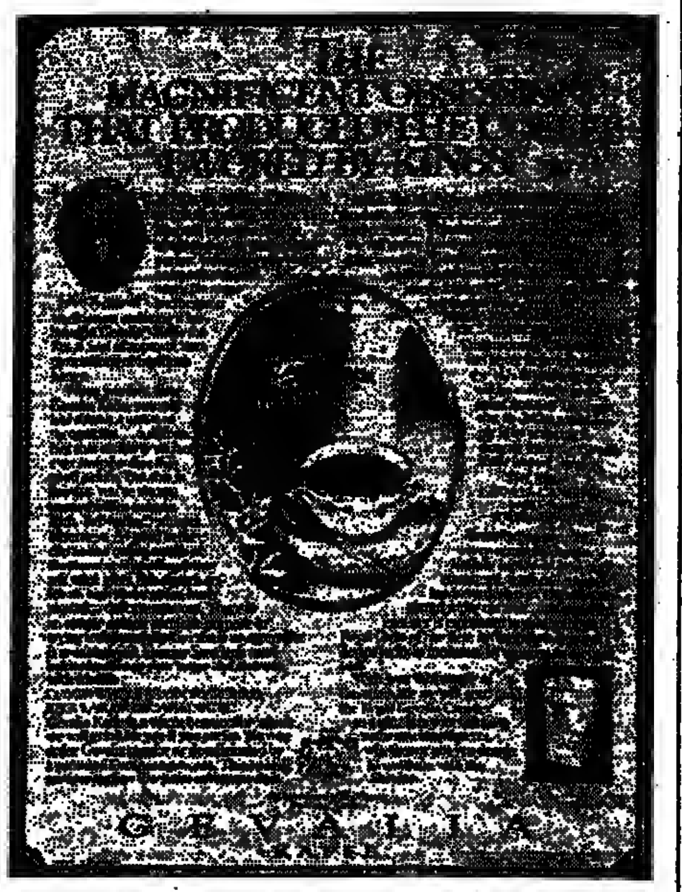
A troubled unit of the oil giant Mobil Corporation, which bought the retailer in the headier oil days of 1976, Ward has been progressively pruned. In May, Mobil mede a $500m write off on Ward in an effort to unload its loss-making retailer, either in an outright sale or spin off to Mobil stockholders.

Despite more than $1bn in annual sales, the catalogue division accounted for $250m in losses for Ward in the past five years, in part because the company maintained an expensive network of small shops where a few items were shown and employees took orders that were then filled from central warehouses. More efficient order-taking by free-phone service was beginning to spread as Ward closed some of its catalogua shops, but in eliminating the catalogue business altogether, the company sheds in one go 5,000, or more than 5 per cent of its staff.

Having determined that it was not worth the effort to computerise and further streamline catalogue operations, Ward now has e valuable property of interest to others in the business, including Harold Schwartz, the man who was brought in only last December to update Ward's catalogue.

From the *least sophisticated* customer a century ago, catalogue shopping has evolved into the market for the most sophisticated buyer, who these days cannot take time off from a high powered executive job to stroll along New York's Fifth Avenue to do a little shopping.

To meet the demographic shift, mail order sellers have proliferated to the point where more than 6,000 catalogues are produced by speciality retailers that cover the gamut—including the ubiquitous high quality clothing — from liquor-laced cakes offered by Larry Cohen's Gourmet Collection to the Smithsonian Institution's 68-page catalogue with reproductions of an eighteenth century sundial and Tiffany wall lamps. The movement of mail order up market has encouraged the diversification of products to include exotic seeds for the garden, a different fruit of the month and packages of Swedish coffee sent monthly through the post.


The diversity of mail order products includes coffee from Sweden

Both the Gourmet Collection ($100,000 in sales) and the Smithsonian operations ($10m) can be profitable in a market where the wholesaler is selling retail. Though it may cost $1m to $1.5m to produce and post a catalogue like the Smithsonian'e going out this month, general merchandise catalogues get co-operative advertising from name-brand merchandisers.

Because of overall weakness in the retailing industry, co-operative advertising has slowed down this season, but the catalogue makers can also shift their merchandise to metch changing conditions. Spiegel, a large catalogue operation that moves from fourth to third in overall mail order sales with the demise of Ward, is bringing out a Christmas catalogue that is "e little less once-a-year party clothes and more wearable year-round wear," according to Marian Larson, the company'e catalogue vice-president.

Part of the mail-order push comes from retailers who find the catalogues a pointed advertisement for goods that can be bought either in the catalogue or in shops. The mailings themselves make the products highly visible and engender expansion much faster than opening retail shops. In five years Benetton has grown to 400 shops in the U.S. and 3,000 worldwide, but its expansion has so far been regional in America; its 32-page catalogue in the U.S. "can reach those not near a Benetton shop," eccording to spokeswoman Sally Fischer.

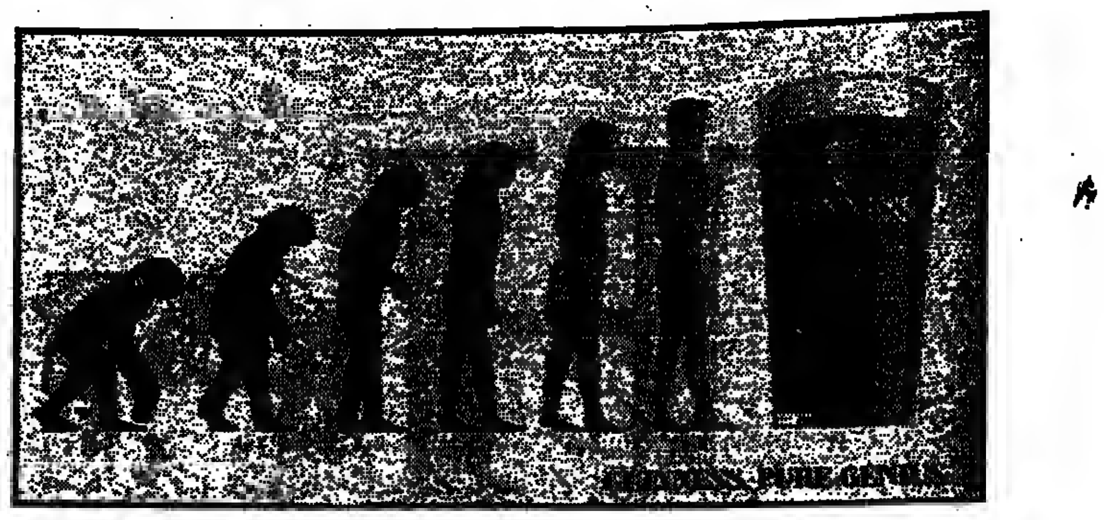
Government regulation has not dampened the market, though the growth of rules has accompanied the growth of the business. The Federal Trade Commission requires that merchandise be shipped within a month of receipt of the order. If out of stock, the merchant has to send an offer of a full refund within seven days. The customer cannot be required to pay for unrequested merchandise.

But mail order also has the advantage over shops of not having to charge sales tax in states in which they do not operate retail shops, a provision that can mean considerable savings for mail-order shoppers, even if they have to pay postage. With most mail-order sales made with credit cards, merchants have little fear of supplying merchandise that will not be paid for, while building mailing lists that themselves, in these days of high-volume postal shopping, can be rented to other retailers.

Beer campaign

Guinness claims a touch of genius

Feona McEwan on the Irish brewer's efforts to win a bigger following



WHAT price a word? To a brand leader fighting to stay on top in a static market, the right word to sum up your product and its added value could be worth a million (pounds), or in the case of Guinness, six and a half.

For that is the budget that the UK's leading beer brand is sinking into its new advertising campaign, the core of which is the word "genius." So get ready to adjust your eyes as the dark velvet pint is spelt anew. For "Guinness" read "Genius." The typeface is the same and at a cursory glance it almost reads the same. Even better, the meaning is multiple. The definitions and applications, neatly referring to both drink and drinkers, presents a myriad of possibilities which, to be sure, agency Ogilvy & Mather will milk for all its worth in successive ads.

The agency has already turned in some notable offerings. "Genius on Tap" and "Time for Genius" on pub signs; a poster showing the frothy head of Guinness with the line "The Head of British Intelligence"; the poster showing an empty glass and the line "It's easy to be wise after the event"; or the solitary pint with the frothy head at the bottom of the glass saying "The Australian for Genius" (a riposte to recent inroads made by Australian lagers, Fosters and Castlemaine XXXX into the UK market) and so on.

Though a £6.5m campaign makes "genius" a costly word, it is no more so than "Guinless," the buzzword around which the previous advertising campaign was built. Of course, what is being bought is not simply e word. It's an idea, a concept that sums up the singular personality of the brand in one go (and by common consent Guinness draught is one of the most complex brands around—"the most complicated I've ever come across," says marketing manager Gary Luddington (ex-Beecham and Mars), and one that in the best theatrical traditions will run and run. Whether or not "genius" will work magic for the beer, Guinness says it knew the slogan was right the minute it saw it.

This latest marketing thrust from the company that has made a tradition of its high profile advertising campaigns marks a distinct shift in posture from its last very different campaign. Then, courtesy of jingle kings Allen Brady Marsh, it was spoof time, making fun of those who'd gone too long between Guinnesses, known as the Guinnless. Like the campaign or not, all sides claim it did its job. Draught Guinness sales are up and the consumer profile is said to be younger.

Says Luddington: "We're pleased with the work. It gave the brand the boost it needed. ABM was the right agency at the right time." In the first 12 months of that campaign, draught sales were up by 4 per cent over the previous year—this followed the 1974-1982 gradual decline—and the first six months of this year figures were over 7 per cent up on the last year in an almost static market.

So why the second agency shift in three years? After a time you cannot go on talking to people about being Guinnless, says Luddington, and it was time for the campaign to move on.

Unlike other beers, Guinness believes it has a particularly universal appeal and that it is something of an institution. Guinness drinkers, says the research, are all sorts. If not in the ubiquitously consumed Coke league, it does travel well (selling in 140 countries), is enjoyed by both sexes, all ages, classes and cultures. Drinkers, the launch party was told, include the likes of the Chancellor, Nigel Lawson, film stars Paul Newman and Mia Farrow, TV personalities Joanna Lumley and Russell Harty, as well as millions of lesser known aficionados (7m in the UK). Reasons for its appeal are listed as its smoothness, creaminess, and the fact that it provides energy and satisfaction — what Guinness calls its "product value."

Then there are the characteristics of Guinness drinkers — they tend to be the calm type, says the research, classy but classless, confident, not punks or drunks . . .

Over the years the advertising has alternately focused on the characteristics of the product and the characteristics of its consumers. Guinness wanted to draw both together for its new edvertising strategy. "Genius" (or more fully, "Guinness. Pure Genius") it reckons, does the trick.

So the campaign which breaks at the end of the month will be delivered in two phases. First it will concentrate on the product itself, then, in November, the drinkers, who will be seen in amusing pub and club situations.

The problem is how not to alienate older established drinkers while at the same time appealing to the younger set. Since Guinness is a drink you grow into—apparently, it's not for the virgin palate—the target audience is 25- to 35-year-olds, which, says Luddington is the prime age for establishing drinking habits.

So saying, two 60-second block-busting commercials will be shown on both television and in the cinema, each underlying the specialness of the brew itself. (There are posters and press ads too.) The commercials are richly produced and heavily orchestrated on a "grand" scale—epic, allegorical and mystical in mood. "Natural Genius" illustrates the natural goodness in the beer, says the blurb, though on first viewing you may be forgiven for not picking up all the allusions—it certainly stands repeat viewing. Powerful landscapes, swaying barley crops, macho harvester, ploughed fields, raging fire and torrential rain (the elemental quartet is all there). There are no spoken words, just crashing chords and stirring choral voices with the Guinness badge emerging at the end. The second ad features a coastal city ot night, gradually darkening under an eclipse of the moon. Lights go out and radar panels are still. Then a lovingly-filmed pool of Guinness recharges the scene.

Now the plan is to spin this advertising concept around the world (especially main markets of the Far East, North America and Western Europe) suitably adapted to meet local needs. Research is currently under way to this end. "What we do know is that nerves are jarred from Hemel Hempstead to Hong Kong by the same images . . ." says worldwide brands director Peter Mitchell. "The idea now is to see how we can leverage this strategy into different markets around the world."

TECHNOLOGY

EDITED BY ALAN CANE

Why Britain's scientists need the supercomputer

To match its rivals the UK must revamp its threadbare laboratories by installing giant computers, argues Alan Cane

FEAR THAT the UK will lose irreparably its leading position in many critical areas of scientific research is the driving force behind last week's proposal (FT, Thursday August 15) that almost £50m should be spent over the next five years to provide massive new computing power for British scientists.

Other countries, notably the U.S., Japan and West Germany, are providing their researchers generously with the new "supercomputers" which seems certain to give them an insurmountable advantage in areas which require massive calculations.

In the U.S., for example, the National Science Foundation launched e programme last year involving the immediate purchase of time on existing supercomputers for academics and the early establishment of four supercomputer research centres to be linked by a national communications network. The cost will be up to $13m a year for each site with equivalent funding coming from industry and institutions—a total of $520m over five years.

The proposal that the UK should spend et least £47.5m to recoup its position in fundamental science over the next five years was put forward by a working party of top academics and industrialists, chaired by Professor Alex Forty of Warwick University.

It was drawn from the Advisory Board for the Research Councils (ABRC) which guides Government on how to divide up its scientific research budget, the Computer Board (CB), which allocates computing funds between the universities, and the University Grants Committee (UGC), which allocates education department funds between the universities.

Its report says the demand for advanced research computing facilities is already desperate: "Access to the necessary computer power is being limited just at a time when opportunities for major development in computational science are opening up.

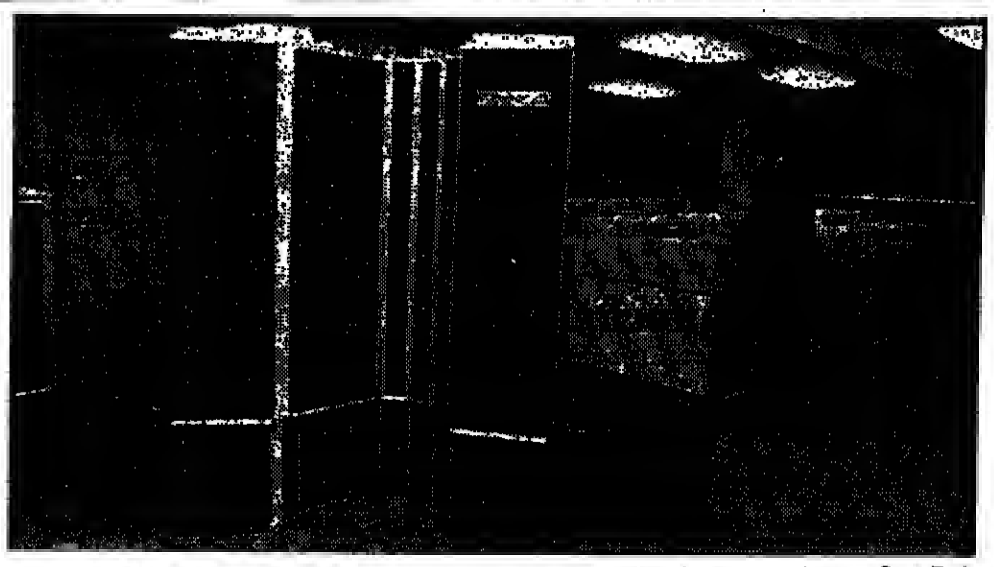
"Such opportunities" it goes on "extend beyond the applications of advanced computing methods in pure science, important though they are, to vitally important areas of industrial application. It is disconcerting to witness the commitment with which supercomputers ere being used in the United States and Japan in aerospace, energy, electronics, automobile and pharmaceutical industries."

"Without access to supercomputers the corresponding industries in Britain will find it increasingly difficult to compete in international markets."

So the working party'e argument is subtly different from the pleas for more cash which are common today in Britain's threadbare laboratories.

It is not to do with the amount of research which can be done, or the balance between "big ticket" and lower cost work. It is about whether progress across a whole range of critically important disciplines can be made et all without new computers. Massive computing capability has to be considered, the report implies, as e utility like electricity, gas or water, on tap and freely available.

Dr R. R. Whitehead of Glasgow University, discussing nuclear and high energy physics, notes: "Unless Britain acts quickly and adequately, it is likely that very soon we will be unable to compete in any areas of computational physics."


London University's Cray supercomputer: one of the world's fastest — Roger Taylor

Professor A. G. J. MacFarlane of Cambridge University, writing about advanced computing for engineering, noted: "We are already falling behind in our ability to do the large field calculations required for aerodynamic and similar work and in the large scale systems simulation techniques required for integrated circuit development."

He foresaw e loss of competitive edge in e variety of industries together with serious damage to the UK computer hardware and software industries if the UK did not stay abreast of computing developments.

The working party proposed that a national strategic plan for advanced research computing should be constructed with the purchase of the world'e fastest commercially available supercomputer—the Cray X-MP Model 48—as a first priority.

The installation of a second supercomputer at the beginning of the next decade should be considered in 1988, the report continues.

It also recommends spending £8m to improve the universities own data communications network, Janet, with the introduction of high speed trunk lines between the major centres.

So important does the working party see the provision of supercomputing as a utility for research in the universities, polytechnics and industry that it recommends the establishment of e social advisory board to guide the ABRC, the CB and the UGC on the needs for advanced research computing.

Almost 20 years ago, the Flowers report provided the stimulus for capital and recurrent spending on university computing which by common consent catapulted the UK to the forefront of scientific research in many areas. The Forty report seeks to achieve the same objective—but in e completely different financial climate. The ABRC, CB and UGC will consider the report in the autumn, and, if it accepts its conclusions, decide how the funds can best be raised.

Catalyst that leads to faster discoveries

ADVANCED COMPUTING is a catalyst which can accelerate the rate of discovery dramatically in areas as diverse as nuclear physics and textual analysis. The joint working party asked a number of senior academics to collate their colleagues' views on the value of these very expensive facilities in their own research areas: here are some of their replies.

● Astronomy: Modern astronomical telescopes are controlled by computers and communicate their data from the heavens in computer language. Professor M. J. Seaton of University College, London, says that supercomputers are essential to make sense of this stream of information.

Models of astronomical processes can be built using today's mainframe, but astronomers now believe from their observations that these processes are much more complicated than hitherto imagined and are looking for even more computing power to resolve outstanding contradictions.

What is remarkable is the way equations and computer programs devised to help understand complex processes light years from Earth can be used to solve quite dissimilar problems closer to home. Professor Seaton says that the same computer program used to study a particular aspect of the chemistry of the stars is equally applicable to the metabolism of the rat.

● Earth sciences: Computers have from the first been used to solve the huge computational problems inherent in long-range weather forecasting, prediction of tides and currents around coats at risk of flooding and pollution of the atmosphere.

Dr N. A. Chapman of the British Geological Survey and Dr A. E. Gill of Oxford University say that more powerful computing facilities could open new possibilities of combining field observations of say, storms, with mathematical models of their expected behaviour: "Models could provide a relatively cheap and flexible way of testing hypotheses that could otherwise only be tested by very detailed and expensive experiments."

Such experiments could help in long and short term weather prediction, flood prevention and the monitoring of carbon dioxide in the upper atmosphere.

● Laser plasma physics: Imagine e conventional X-ray photograph taken for medical diagnosis and giving a three-dimensional view of the patient. Recent developments in laser research in the U.S. and in Britain have brought the possibility of a genuine X-ray laser much closer. Such a machine would be of inestimable value in medical diagnosis and non-destructive testing of solid materials, says Dr R. G. Evans of the Science and Engineering Research Council Rutherford Appleton Laboratory.

He also points to the use of lasers to create very powerful electric fields which can accelerate elementary particles for use in experiments into the fundamental nature of metter. Such laser accelerators could be 100 times shorter than today's linear accelerators.

CRAY AND CDC SUPERCOMPUTERS

Use	Installations	U.S.	UK	West Germany	France	Others
Aerospace	17	13	1	1	1	1
Automotive	5	3	1	1	—	1
Classified	4 (+ others)	—	2	—	2	—
Electronics	6	4	—	—	—	2
Govt. research laboratory	23	20	1	1	—	1
Military	5	4	1	—	—	—
Nuclear	5	4	—	1	—	—
Petroleum	22	12	3	1	3	3
University	20	8	2	5	1	4
Service bureau	8	3	1	—	2	2
Weather	7	4	2	—	—	1
Other, (film, utility and chemical)	3	2	—	—	1	—
Total	125	77	13	10	10	15

Others include: Italy (1), Netherlands (2), Scandinavia (1), Australia (1), Canada (2), Japan (5), Middle East (2), Switzerland (1).

● Biology: The principal demand for supercomputing power comes from the molecular biologists, scientists concerned with explaining life in terms of the chemistry and physics of its constituent molecules.

X-ray crystallography, the technique which led to the discovery of the structure of DNA and its role in heredity, is being applied to bigger and bigger molecules. Dr Louise Johnson of Oxford University points out that data from these molecules will be collected at a massively greater rate when electronic detectors are connected to particle accelerators. Examples of what can come of this kind of research include better drug design and an understanding of how muscles work.

Techniques behind high speed computing

SUPERCOMPUTERS such as the Cray series or CDC's Cyber 205 are massively powerful mainframes tuned to carry out particular kinds of calculation at the maximum possible speed — in motoring terms, for example, a supercomputer could be thought of as a Formula 1 racing car, a conventional mainframe as a Ford truck, both powerful but one tuned to carry one particular job at maximum efficiency.

Progress in semiconductor technology has been the chief reason behind the huge increases in supercomputing performance—the Cray 1 is at least 200-200 times better than the Ferranti Atlas, the supercomputer of the late 1960s.

Four techniques have been used in addition to increase the performance of these machines.

● Vector computers can handle ordered sets of numbers (vectors) with a single instruction as if they were single numbers. The aim is to provide results for operations on vectors much faster than by repeatedly carrying out the same calculation on each number in the vector.

● Pipelined machines resemble the assembly line in a manufacturing process. Each calculation is broken down into a series of suboperations, and each suboperation is handled by a separate processor forming one section of a "pipeline." So while one calculation is being completed, the next is already in the pipeline.

● Parallel processors carry out more than one calculation simultaneously using a number of parallel processing units. This approach is seen to have the most potential for the giant computers of tomorrow but it is technically difficult to realise.

● Array processing involves many small and simple processing units each carrying out the same instruction on different elements of data. For problems which lend themselves to this kind of approach machines like ICL's Distributed Array Processor and GEC's Grid have demonstrated impressively high performance.

Braille word processor developed

THE CONVERSION of ordinary text into embossed characters such as Braille or Moon that can be touch-read by the blind has been simplified by a specialised word processor developed at Brunel University.

Called Bumble, (standing for Brunel University Braille, Moon and Large print equipment), the system uses a 16 bit microprocessor, a laser printer from Electronic Printing Systems and specially written conversion software.

An ordinary typist can use the system and as she transcribes material, it appears from the printer in the new form. For Moon or Braille characters, the printer output is transferred to encapsulated paper and heat treated to produce the embossed effect that can be sensed with the fingertips by the blind.

The machine will also produce very large characters for use by the partially sighted. More from Dr John Gill on 0895 71206.

ATS cuts the cost of telex

ATS COMMUNICATIONS of Haywards Heath has cut the cost of telex by allowing its new TC2020 telex terminal to link to another item of office equipment like a word processor, microcomputer or electronic typewriter, allowing it to act as a full telex terminal at no extra cost.

This means that for £2,000, the price of the 2020, the user can create two telex terminals at £1,000 each (plus a half share of the £400 annual line rental).

The 2020 is also a complete word processor, with full text editing, full screen display and letter quality printing.

Another new product from ATS, the 2040 message management system, allows two other pieces of office equipment to double up as telex terminals and costs £1,350. More on 0444 414911.

BUSINESS LAW

German court revolts against Euro-judges

By A. H. HERMANN, Legal Correspondent

THERE IS no end to the opportunities that courts have to confuse the businessman, and they make full use of them.

One of the confusing decisions with which we shall have to live unless it is one day repaired by legislation was made by the House of Lords*, when it ruled that money paid into an Italian bank on Friday was really paid the next Monday because the Italian bank started to credit interest only after the weekend.

Sometimes, to increase the feeling of unpredictability, lower courts appear to overrule higher courts, as happened when the Commercial Court insisted on admitting appeals from arbitrators, even though no leave to appeal should have been given according to guidelines laid down by the Court of Appeal and the House of Lords†.

Less obvious is the confusion brought into law by judges who agree on the result but for entirely different reasons—as in the latest Court of Appeal decision on Midland Bank v Lakert‡.

Dangerous underwater rocks are created by mixing legal systems as when the European Court held§ that foreign default judgments must be enforced without question. As the continental signatories of the European Judgments Convention of 1968 have a very formal attitude to the service of documents, a UK businessman can now be surprised by the execution of a foreign judgment against him in an action about which he never heard.

Grave as these are, all such problems seem to be small fish compared with the whale of a blow delivered to the system of EEC law by the German Federal Finance Court. To the dismay of the EEC establishment, this court bluntly denied the direct effect of EEC directives which, according to well-established jurisprudence, should be enforced by national courts if declared sufficiently explicit by the Luxembourg judges and if the time given to member governments for their incorporation into national law has expired in vain.

Following in the footsteps of the Supreme Court of the United States, which in its early days turned a loose union of almost sovereign states into a tightly-knit federation, the European Court has gradually transformed the dreams and pious wishes of the fathers of the EEC Treaty into a firm and effective, although not always very clear, law.

It first ruled that certain provisions of the EEC Treaty created rights for individuals or companies which national courts were bound to protect. Its next step was a ruling that some of the measures which the Council of Ministers was required by the Treaty to adopt, but did not, should be considered as valid law after the expiry of the time limit which the Treaty allowed for their adoption. This applies, for example, to the freedom of cross-border services and of establishment, as well as to a number of specific provisions which the Council should have agreed for the organisation of the internal market and of fisheries.

The European Court then turned its attention to directives. The EEC Treaty provides that only Regulations have direct effect and become part of national law automatically as soon as adopted. Directives, by contrast, are addressed to member governments which should take the necessary legislative measures to give them effect in domestic law. The governments are not bound by the letter of the directives; nevertheless they should strive to achieve the desired objective in a manner appropriate to the national system of law and domestic conditions.

However, some member governments proved to be rather slow, if not to say outright reluctant, when faced with the duty to embody certain directives in their national law. The EEC Commission turned for help to the European Court, the only friend on which it can rely. In a series of decisions the European Court declared that a number of directives, which were sufficiently specific and where the time given to the national government for their implementation had expired, should be directly effective.

This was clearly a rewrite of the Treaty and caused a few academic eyebrows to be raised. But the member governments did not protest and may have rejoiced secretly that the Court had relieved them of the necessity of fighting to implement the legislation in their own parliaments, possibly against their own backbenchers. They may also have been comforted by the thought that this method might give effect to directives favoured by their own business community but opposed in other member states.

One of the directives which keeps the European Court fairly busy is the Sixth VAT Directive of the Council, No. 77/388, of May 17, 1977. As the revenue of the Community partly depends on the VAT collected by member states, it is understandable that the Commission jealously guards the implementation of its VAT directives, trying to avoid unauthorised exemptions which would ultimately lead to a reduction of the funds available to the Community. Among the cases referred to the European Court from Germany was the claim of Frau Gerda Kloppenburg, a credit broker, that she should benefit from VAT exemptions under the Sixth Directive. Answering the questions of a German Finance Court, the European Court held that credit brokers could rely on the direct effect of this directive as the time given to the German Government to integrate it with its tax laws had already expired. It also held that the credit brokers should enjoy VAT tax freedom as long as they had not already charged the tax to their clients.

In contrast to France, for example, Germany has always taken EEC law most seriously. Its courts provide by far the greatest number of references to the European Court and meticulously observe its decisions. Of all the German courts, the Federal Finance Court was perhaps the most abundant source of references. It came, therefore as a complete surprise when, on an appeal from the German tax office, the Finance Court refused to accept the European Court's ruling that the Sixth VAT Directive was directly applicable.

Turning its back on the—so far—generally accepted doctrine, the Finance Court based its decision on the original legislation by which Germany acceded to the Community and resuscitated the original view, prevalent in the 1950s, that directives had no direct effect and could become effective only through national legislation.

Some observers have pointed out that in doing so, the Finance Court adopted a much stricter interpretation of the rules governing transfer of sovereign rights laid down in Article 24 of the Fundamental Law—the German bill of rights—than the Federal Constitutional Court, which is the proper authority to deal with such matters.

The Constitutional Court held, in its decision on the stationing of Pershing missiles, that the interpretation of Article 24 must not be static but is subject to development. It has been argued that the Federal Finance Court should have adopted the same flexible attitude in favour of direct applicability of EEC directives.

It was not the case that Federal Finance Court was intent on deciding in favour of the tax man at all costs. Indeed, the tax office did not even question the direct applicability of the Sixth Directive in its appeal. That was based on a different ground and the Court could have allowed it without offending against accepted EEC law.

Perhaps the recent German disappointments with the EEC—over cereal prices and clean motor exhausts, for example—as well as a certain fatigue caused by the incoherences and contradictions of Community policy in general have brought about a change in the mood of German judiciary. That could ultimately backfire if other member states adopt a similarly recalcitrant attitude; any weakening of the integration process is seen as potentially harmful to German interests.

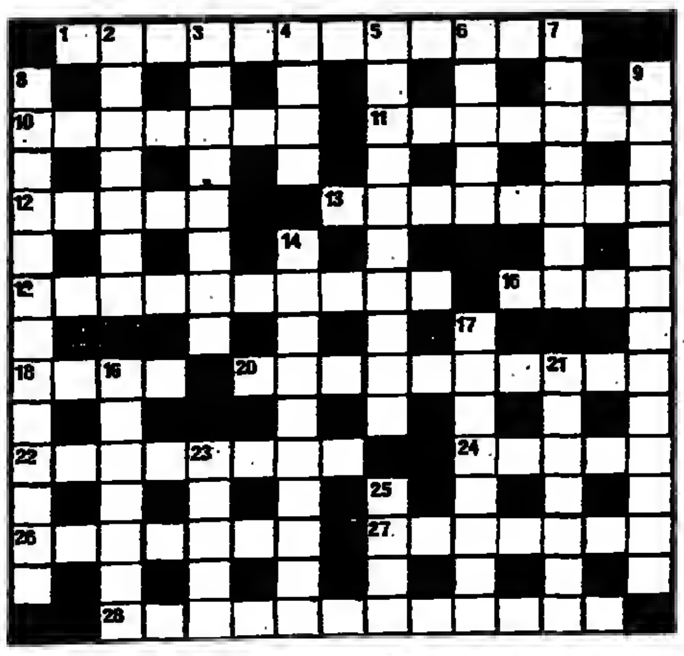
** Awilco v. Fulvia (The Chikuma) decided on February 19, 1982.*

† See A. H. Hermann, Judges, Law and Businessmen p. 218.

‡ FT Commercial Law Reports, August 2, 1985.

§ Hamer v. Brand Ledenbau KG, 1974 2 CMLR 407.

F.T. CROSSWORD PUZZLE No. 5,802



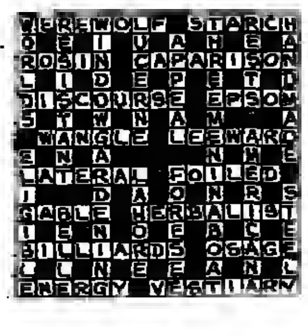
ACROSS

1 Improvement in fortune gambler objects to (6, 6)
10 Officer tending to be taken in by murderer (7)
11 Rent difficulty after violent storm (7)
12 Love, when one's found a resting-place (5)
13 Protected *idle* characters in hut (8)
15 Where Mom's curios may be harmoniously arranged? (5, 5)
16 Spell cast over issue (4)
18 Frustrate violent onset (4)
20 Opera manager being a devil about dress-circle (10)
22 Of little value to be sporting (8)
24 Laburnum branches that provide shade (5)
26 City in Florida making rings round king and country (7)
27 "Paper-Train" by Constable? (7)
28 Unfavourable circumstance of benefit to the underworld (12)

DOWN

2 Shows up former attitudes (7)
3 Negotiate for solution to be included in pamphlet (8)
4 Over-productive *grade* (4)
5 Aim successfully to affect foreign currency (3, 3, 4)
6 Self-possession of owner verified (5)
7 Defence Ministry deserters raised to celebrity status (7)
8 Adjustment by quarters (13)
9 Confederate state put first on certain considerations (13)
14 Tie shared with vulgar *secret agent* (6, 4)
17 10's clue turns out to be edible (8)
19 After mounting attacks was first to be suppressed (7)
21 Raised stitches by making fun (7)
23 Goes arm-in-arm on course (5)
25 Climbing animal getting round peak (4)

Solution to Puzzle No. 5,801



Company Notices

Contracts and Tenders

Personal

Clubs

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

[illegible]

CONTINUED OVERLEAF

AUTHORISED UNIT TRUSTS & INSURANCES

Pearl Trust Managers Ltd. (a)(g)
[illegible] High Holborn WC1V 7EB 01 405 8441

Pearl Growth Fd	[illegible]	[illegible]	[illegible]	3.42
Accum Units	[illegible]	[illegible]	+0.5	3.42
Pearl Inc	[illegible]	[illegible]	+0.6	5.02
Pearl Unit Tst	[illegible]	98.6	+0.5	4.13
(Accum Units)	157.0	167.0	+0.8	4.13

Perpetual Unit Trust Mngmt. (a)
48, Hart Street, Henley on Thames. 0491 576868

Growth	187.8	194.0	+0.9	1.51
Income	138.9	148.8	+0.5	5.32
Worldwide Recovery	102.6	110.1	+0.4	2.14
American Growth	56.0	60.1	+0.3	0.71
Intl. Emerging Cos	58.0	62.3	+0.1	0.78
Far East Growth Fd.	46.3	49.7	−0.1	1.0

Prolific Unit Trusts
222, Bishopsgate, EC2. 01-247 7544/7

Prolific Far East	100.9	108.1	+0.3	0.29
Prolific Extra Inc	61.0	65.6	+0.2	6.24
Prolific Gilt Cap	87.1	93.6		3.21
Prolific High Inc	129.6	138.3	+1.0	5.38
Prolific Intl	81.9	87.9	+0.7	1.69
Prolific N. Amer.	114.9	123.1	+0.9	2.63
Prolific Spec. Sits	139.8	149.3	+0.5	1.52
Prolific Technology	98.7	105.8	+0.1	0.92

Providence Capitol Fd. Mgrs. Ltd.
30 Uxbridge Road, London, W12 8PG. 01 749 9111

Japan Trust	48.5	51.4	+0.4	—
Worldwide	47.4	50.2	+0.1	2.81
European Trust	50.1	51.1	+0.3	2.18
North American	48.1	51.0	+0.8	2.03
UK Equity	49.8	52.5	+0.1	4.02

Prudential Unit Trust Mngrs Ltd. (a) (b) (c)
51-69, Ilford Hill, Ilford, Essex, IG1 2DL 01-478 3377

Holborn Equity Tst	321.9	344.5	+1.3	3.42
Holborn Gilt Tst	154.7	161.7	+0.3	7.28
Holborn High Inc	55.0	50.2	+0.4	6.98
Holborn Intl	59.0	62.7	+0.5	8.55
Holborn UK Growth	63.8	67.0	+0.2	3.37

TSB Unit Trusts (b) (c) (y)
PO Box 3, Keens Hse, Andover, Hants, SP10 1PG
0264 62188 Dealings to 0264 63432/3

TSB American	90.5	96.1	+0.9	1.52
Do Accum	94.0	100.1	+1.0	1.52
TSB Extra Income	91.6	97.1	+0.3	6.55
Do Accum	94.2	100.3	−0.5	6.55
TSB General	113.9	121.5	+0.6	3.40
Do Accum	194.2	206.5	+1.0	3.40
TSB Gilt & Fxd Int	47.1	49.1		9.42
Do Accum	57.9	60.4		9.42
TSB Income	163.3	173.8	+0.5	5.07
Do Accum	246.1	262.1	+0.8	5.07
TSB Pacific	100.6	107.1	−0.1	0.61
Do Accum	103.1	109.9		0.61
TSB International	224.1	238.9	+1.8	1.88
Do Accum	272.8	290.3	+2.7	1.88
TSB Natural Resources	45.1	48.2	−0.2	2.09
Do Accum	45.7	40.7	−0.2	2.09
TSB Scot Opps	47.0	50.0	+0.3	2.51
Do Accum	50.4	51.7	+0.2	2.51

3i & Target Fund Mgrs Ltd
Target House, Gatehouse Road, Aylesbury, Bucks
Aylesbury (0296) 5941

Small Cos Fund	65.8	70.4	+0.7	0.10

Target Trust Mngrs. Ltd. (a)(g)
Target Hse, Gatehouse Rd, Aylesbury Bks (0296) 5941

American Eagle	63.7	68.1	+0.1	0.28
Australia	29.9	31.9	−0.1	0.10
Commodity	88.0	94.0	+0.6	1.98
Energy	39.6	42.4	+0.3	0.32
Equity	99.8	106.5	+0.6	1.01
European Spec. Sits	53.6	57.3	+0.3	0.64
Extra Income	88.7	94.9	+0.4	8.57
Financial	208.5	222.4		2.56
Gilt Capital	222.1	232.6	−0.2	1.25
Gilt Income	100.4	105.1	+0.9	8.62
Gold Income	60.0	64.2	−0.9	1.01
Gold Acc	108.5	116.0	−1.4	1.01
Income	60.2	64.3	+0.5	4.80
Japan	44.1	47.0	+0.8	0.18
Malaysia & Singapore	22.4	23.9	−0.1	0.68
Pacific Income	61.0	65.2	−0.8	0.52
Pacific Re Inv	74.7	79.9	−0.8	0.52

[illegible]

INSURANCES

[illegible]

INSURANCE, OVERSEAS & MONEY FUNDS

OFFSHORE AND OVERSEAS

Money Market Trust Funds

	Gross	Net	Gr Equiv CAR	Int Cr
The Charities Deposit Fund 77 London Wall, London EC2N 1DB 01-588 1815				
Deposit	11.40	—	—	3-Mth
The Money Market Trust 63 Qn Victoria St, EC4N 4ST. 01-236 0952				
Call Fund	11.73	8.77	13.00	6mth
7-day Fund	11.41	8.58	12.11	6mth
Oppenheimer Money Management Ltd 66 Cannon St, EC4N 6AE. 01-236 1425				
Call Fund	11.64	8.70	12.83	6-Mth
7-day Fund	11.38	8.51	12.53	6-Mth
Dollar	6.50	—	—	6-Mth
Money Mngt. Acct	11.375	8.50	12.71	3-Mth

Money Market Bank Accounts

	Gross	Net	Gr Equiv CAR	Int Cr
Adam & Co. plc 22 Charlotte Sq, Edinburgh, EH2 4DF 031-225 8484				
Full Service Cur Acc	11.25	0.00	11.93	Qtr
Aitken Hume 30 City Road, EC1V 2AY. 01-638 6070				
Treasury Acc	11.375	8.50	12.70	Qtr
Mth. Int. Chq	11.25	8.42	12.68	Mth
Bank of Scotland 38 Threadneedle St, EC2P 2EH. 01-628 8060				
Money Mkt Cheque Acc	10.85	8.10	12.01	Mth
Barclays Prime Account PO Box 125, Northampton 0604 252891				
High Int. Cheque	11.0	8.25	12.32	Qtr
Britannia Investment Services Ltd. 29 Finsbury Circus, EC2M 5QL. 01-588 2777				
Cater Allen	11.13	8.32	12.34	Mth
Charterhouse Japhet plc 1 Paternoster Row, EC4M 7DH. 01-248 3999				
Sterling	11.13	8.27	12.54	Mth
U.S. Dollar	7.25	7.25	7.50	Mth
German Marks	4.75	4.75	4.85	Mth
Swiss francs	2.50	2.50	2.51	Mth
Japanese Yen	5.00	5.00	5.12	Mth
Citibank Savings St Martins Hse, Hammersmith Grove 01-748 9251				
Cheque Plus	—	9.00	13.30	Qtr
Co-operative Bank Cheque & Save 78-80 Cornhill EC3 01-626 6543.				
£500-£2,500	9.50	7.10	10.41	Qtr
£2,500 +	12.00	8.97	13.24	Qtr
Dartington & Co Ltd Dartington, Totnes, Devon TQ9 6JE. 0803 862271				
Money Mkt Acc	11.00	8.23	12.27	Qtr
Edward Manson & Co Ltd 9 Henrietta Place W1M 9AG 01-631 3313				
Cheque Deposit Acc	11.50	8.59	12.90	Mth
Henderson/Bank of Scotland 38 Threadneedle St EC2P 2EH 01-628 8060				
Money Mkt. Cheque Acc	11.0	8.22	12.10	Mth
Lloyds Bank PLC 71 Lombard St, London, EC3P 3BS. 01-626 1500				
High Int Cheque	11.25	8.29	—	Qtr
Lombard North Central PLC 17 Bruton St, W1A 3DH 01-409 3434				
14-Day Notice	11.500	8.596	12.280	—
M & G/Kleinwort Benson 91-99 New London Rd, Chelmsford. 0245 51651				
● I.C.A.	11.125	8.31	12.35	Daily
Midland Bank plc PO Box 2, Sheffield. 0742 20999 Ext 8738				
High Int Chq Acc	10.70	8.00	11.90	Qtr
Provincial Trust (formerly Chaplartons) 30 Ashley Rd, Altrincham, Cheshire 061-928 9012				
Cheque Acc	11.50	8.60	13.00	Mth
Royal Bank of Scotland plc 24 Lombard St, London EC3V 9BA 031-557 0201				
Premium Account	11.0	8.22	12.27	Qtr
Save & Prosper/Robert Fleming 28 Western Rd, Romford RM1 3LB. 0708 66966				
H.I.B.A.	10.70	8.00	11.89	Daily
Tyndall & Co 29-33 Princess Victoria St, Bristol. 0272 732241				
Demand Acc	11.29	8.44	12.61	Qtr
Money Acc	11.20	8.37	12.50	Qtr
J. Henry Schroder Wagg & Co Ltd Enterprise House, Portsmouth 0705 827733				
Special Acc	11.04	8.25	12.49	Mth
Over £10,000	11.29	8.44	12.75	Mth
Western Trust & Savings Limited The Moneycentre, Plymouth PL1 5E 0752 24141				
High Int Chq Acc	11.56	8.64	12.74	Qtr

NOTES—Gross: rate of those exempt from composite rate of tax. Net: actual rate after deduction of CRT. Gr Equiv CAR: Gross equivalent to basic rate taxpayers—compounded annual rate. Int Cr: frequency interest credited.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. ‡ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ⊕ Yield column shows annualised rates of NAV increase. xd ex dividend.

OPTIONS

3-month call rates

Industrials	p		
Allied-Lyons	16	Marks & Spencer	11
BAT	32	Midland Bk	30
BOC Grp	25	NEI	8
BSR	16	Nat West Bk	60
BTR	52	P & O Dfd	36
Babcock	14	Plessey	17
Barclays	45	Polly Peck	26
Beecham	32	Racal Elect	18
Blue Circle	45	RHM	11
Boots	15	Rank Org Ord	32
Bowaters	20	Reed Intnl	50
Brit Aerospace	33	Sears	8
Brit. Telecom	11	TI	20
Brown (J.)	3	Tesco	20
Burton Ord	30	Thorn EMI	35
Cadburys	14	Trust Houses	13
Charter Cons	18	Turner Newall	16
Comm Union	19	Unilever	85
Courtaulds	12½	Vickers	19
Debenhams	17½	**Property**	
Distillers	28	Brit Land	12
FNFC	8½	Cap Counties	18
Gen Accident	45	Land Secs	25
Gen Electric	17	MEPC	28
Glaxo	85	Peachey	22
Grand Met	25	Samuel Props	14
GUS 'A'	60	**Oils**	
Guardian	60	Brit. Oil & Min.	4
GKN	17	Brit Petroleum	42
Hanson Tst.	17½	Burmah Oil	18
Hawker Sidd	38	Charterhall	6
ICI	60	Premier	5
"Imps"	18	Shell	60
Jaguar	28	Tricentrol	18
Ladbroke	24	Ultramar	19
Legal & Gen	50	**Mines**	
Lex Service	28	Cons Gold	44
Lloyds Bank	45	Lonrho	14
Lucas Inds	25	Rio T Zinc	56

A selection of Options traded is given on the London Stock Exchange Report Page.

COMMODITIES AND AGRICULTURE

Caribbean producers ask U.S. to buy more sugar

BY NANCY DUNNE IN WASHINGTON

THE Sugar-producing nations of the Carihbean, desperate to increase exports in the face of shrinking world demand, bave asked the U.S. Secretary of State to help increase their share of the American sugar market.

In a letter to Mr George Shultz, the Caribbean Basin Initiative (CBI) sugar group has asked for support of a scheme which would allow them te export an additional 1m tonnes of sugar for turning into sugar syrup.

The group said the plan would mean no loss of sales for U.S. sugar producers, whe, under a government sugar programme, have been guaranteed about 21 cents e pound fer their crops. The plan, however, would affect the expanding maize sweetener market just when farmers are expected to produce a record maize crop.

The group's proposal is receiving serious consideratien from an interagency working group, according to Mr Richard N. Helwill, depety assistant secretary of state fer the Caribbean—hewever, e decisien could take months, and time is running out for many Latin American sugar companies, which are on the hrink of bankruptcy.

The U.S. sugar price support programme, instituted in the 1981 Ferm Bill, has raised demestic prices, produced an oversupply of domestic sugar and triggered a series of fees on imported sugar. Meanwhile, many of the Caribbean country economies have worsened.

"Without sugar we're broke," says Mr Jose Antonio Montes, press spokesman for the Gustamalan embassy in Washington.

Because of climate and the topography, CBI producers have no option but to produce sugar. In two more years, he said, "we won't be able to prodece for the U.S. or world market" where the EEC is dumping sugar and driving down prices.

Mr Montes said the sugar programme has mere than wiped eut the benefits of the high-touted Reagan Administration CBI initiative. "We want trade, not aid," he said, and Mr Holwill agreed, while et the same time noting that EEC export subsidies on sugar are "doing more harm than anything else" to the impoverished, unstable sugar producers in the region.

SUGAR PRICES dropped sharply on the futures markets in London and New York after the European Commission announced a larger-than-expected volume of export authorisations at its weekly tender yesterday, writes our Commodities Editor.

It awarded licences for a total of 94,480 tonnes of white and raw sugar—well above levels seen in recent weeks.

The market reaction, which saw losses of between $5.80 and $7 a tonne, demonstrated how sensitive prices remain to EEC sugar dumping, despite the Commission's recent decision to peg export subsidies at a maximum of Ecu 45.23 per 100 kg.

It also undermined recent signs of firmness produced by Brazil's plans to restrain and defer exports

Settlement reached in nickel mine shutdown

By Bernard Simon in Toronto

A STRIKE by 1,850 production and maintenance workers yesterday shut dewn Falconbridge's nickel mining eperatiens et Sudbury, Ontario, including six mines, two mills and e smelter.

However, within two bours of the strike starting, management and the local branch of the Mine, Mill and Smelter Union reached e tentative settlement, due to be ratified today.

About 73 per cent of local union members had earlier voted to reject a new contract offering a 15 per cent wage increase over the next three years. Negotiations between the company and the union were stalled on the interpretation of provisiens relating te cost of living allowances worth 12 cents an hour.

Company officials said the Sndbury stoppage has not caused Falconbridge any immediate problems in supplying nickel to its customers.

Andrew Gowers writes: On the Londen Metal Exchange, nickel prices—which had risen strongly during the merning en pre-emptive buying aheed of the strike news—dropped later on profit-taking. But the cash price was still £32.50 up on the day et the unofficial close of £3,515 per tonne.

Meanwhile, in its weekly metals review, Shearson Lehman Bros predicted that nickel prices may rebound in the shert term from the depths they have been plumbing recently.

● U.S. petroleum stocks rose last week but continued to lag well behind last year's levels, eccording te the American Petroleum Institute (API), writes Nancy Dunne.

Stocks of crude oil rose by 1.5m barrels during the week to 325m barrels, but fell almost 20m barrels behind the same week in 1984.

Stocks of distillate fuel eil, almost 14m barrels behind last year, rose during the week to 118m barrels. Residual fuel oil stocks edged up slightly to 118m barrels, 14.6m behind 1984.

Stocks of petrol rose to 227.4m barrels, up almost 1m barrels from last week but 5.6m barrels lower than last year.

John Buckley on how prices are testing consumer loyalty

Chefs go cool over groundnut oil

THE long-standing loyalty of European chefs to their favourite cooking eil, that produced from groundnuts, is coming under unprecedented strain as a result of a sustained period of high prices.

For the past decade, much of Continental Europe has found a ready home for whatever groundnut oil producers could offer. Chefs in the better restaurants and cooks in the swankier bomes stuck with the eil through thick and thin despite its irritating habit of hopping between $600 and $1,200 per tonne, often with little advance notice.

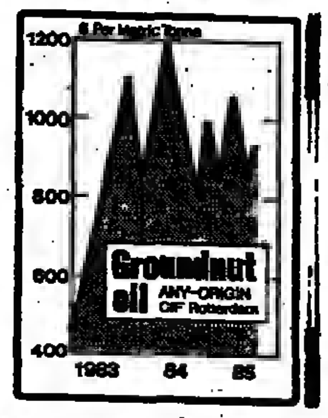
This is mainly because of the unique properties groundnut oil displays. In particular, its remarkable capacity fer re-use endeared it to the French chef who might fry fish, vegetables or meat in rapid succession in the same pan, without the flavour of ene dish tainting the others.

"Some consumers will buy groundnut oil at almost any price," said e leading dealer.

But recent events, with the price remaining high for an unusually leng time ever the last two years, have shown that even this predilection has its limits.

In the past, whenever the price ef nnt oil has flirted with the $1,200 mark, it has soon afterwards crashed back to half that level. This time, the market seems te be reluctant to move far from a band between $850 and $900.

Thanks largely to a particularly severe period of shortage of West African eil and the accompanying "famine" of competitor oils through much of 1984/85, groundnut has remained in short supply. Consumers have been forced to continne buying forward at high prices rather than weathering the storm with hand-to-mouth purchases. These costs have been passed to the consumer.



The failure of groundnut crops in Senegal and Sudan which left the market at one stage with only 30 per cent of its normal supply also woke buyers up to the far more gradual demise of Latin American production and exports, especially Brazil and Argentina, which ence shipped a third ef world exports, bnt have since moved increasingly into soyabeans.

Other countrias have stepped in during the past to supplement shortages. China and India are both large groundnut producers, but neither can be relied upon to export oil, partly because of domestic demand and partly because price ratios normally favour growing quality nuts for table/confectionary use rather than crushing for oil.

Trade analysts are mixed in their opinions of where groundnut goes next. On the one hand, African production does seem to be gradually recovering while Brazil is re-examining the crop as soyabean returns turn sour. High prices also have a habit of tempting out unexpected parcels from less regular suppliers; the U.S., for example, sometimes finds it economical to crush and sell to Europe if premiums here can cover the freight.

Hewever, while the probable easing of supply is already foreshadowed by some recent decline in prices, some traders express concern over the damage that bas heen done by the long period of high prices. French imports, for example, have fallen te their lowest level for years in 1984.

This decline, reflected across Europe, is also due to rising popularity of sunflower oil which has recently traded at a $300 discount te groundnut and seems set to substitute its peer still further if the differential persists.

Already, this has prompted the French te hoist their sunflower area to a record 587,000 bectares which could produce a crop this year of more than 1.2m tonnes against last year's record 890,000 and less than 100,000 in the late seventies.

Like rapeseed, sunflower in the EEC enjoys handsome crush subsidies to help it compete. As sunflower—which needs to command its own premium over inferior oils—finds these rivals flooding the blending and margarine markets, a viable outlet would seem to be the territory now occupied by groundnut.

Groundnut oil is unlikely to take the competition quietly. During second quarter 1985, French imports actually started to recover. However, industry sources say this is less a reflection of partial easing in price than of a struggle between rival importers. The French oilseed giant Lesieur has moved into the margarine market, encouraging Unilever to attack Lesieur's "soft underbelly"—its groundnut oil trade. Whether this will stem the flow of discontented consumers, however, remains to be seen.

FRENCH GROUNDNUT OIL IMPORTS

1980	247,000
1981	161,200
1982	184,200
1983	221,100
1984	126,100
1985*	61,800

* January/May

Restriction urged in copper contract

BY ANDREW GOWERS

PRODUCERS and consumers of copper yesterday pressed the London Metal Exchange (LME) to restrict the scope of its planned high-quality copper contract by excluding all but e small handful of wirebar hrands.

The move came at a meeting in London between representatives of copper producers and consumers from countries ranging from Chile and Peru to Japan and West Germany, et which they discussed the implementation of the Exchange's new "grade A" contract. LME efficials were present as observers.

The LME agreed earlier this month to introduce thie contract, which would incorporate presently-listed higher grade cathodes and a selected number of wirebar brands, in late 1986.

It is designed as a response to demands from the copper industry for a contract system which differentietes clearly between high-qoality and other grades of metal and thus reflects the changing pattern of copper consumption, particularly in the electrical industry.

A list of 12 wirebar hrands has been proposed for the new contract by an LME working party.

But the industry, some segments ef which originally wanted all wirebars struck eut of the new contract, told the Exchange yesterday that this included some brands which were ne longer regularly produced, as well as some which were regarded as of lower quality.

The International Wrought Copper Council, representing European and Japanese copper fabricators, wants the contract to incerperate only those wirebars which are in current, regular and substantial production and which meet the quality requirements

The LME hopes to announce details of its new contract structure sometime befere the end of September with a view to introducing trading in it before the end ef 1986.

Producers and consumers eppear divided, however, on the desired start date for trading in the new contract.

● London's International Petroleum Exchange (IPE) yesterday moved to broaden participation in trading on its gas oil futures market by effectively allowing "locals" to lease seats as non-clearing traders.

Turkey in talks to raise livestock support

BY A SPECIAL CORRESPONDENT

PRELIMINARY discussions are under way between the Werld Bank and Turkish officials about future Bank support for Turkey's fast-expanding livestock industry, expected to become an increasingly powerful force en the world meat market in the next few years.

Turkey is the fifth largest recipient of Werld Bank leans, with a cumulative total of mere than $5.4bn et the end of fiscal 1984 and nearly $700m added since. Of this, the Bank has contributed $117m to five increasingly expensive livestock projects since 1972.

The latest scheme, due to he completed next year et a total cost of $125m, was broader than its predecessors, which focused on dairy development and breed improvement, taking in village poultry development, animal bealth and artificial insemination.

Further support from the Bank for livestock development is expected.

Much of the work so far in Turkey has gone into improved breeds and disease control.

Thrace, the European part of the country, has long been contineously vaccinated against foot-and-mouth disease, which is endemic. Since last year, bewever, further vaccination has been necessary against a new non-native strain, and the Government recently decided to extend vaccination throughout the country.

It will be an enormous task, with more than 14m cattle and nearly 50m sheep to deal with. A new vaccine production plant has been built in Ankara, the largest such facility in the Middle East.

Feedstuffs for the livestock may be an additional problem. The Government has started a crash programme, with subsidised seeds, credit and support price incentives.

Maize production is projected to increase from 1.48m tonnes in 1983 to 6m tonnes in 1990. Soya output, which was negligible only five years ago, is expected to total 1m tonnes by the end of the decade.

LONDON MARKETS

ALUMINIUM prices firmed slightly yesterday afternoon on the London Metal Exchange against a background of reports that Kaiser Aluminium, the U.S. producer, is cutting output by 27,500 shert tons at its smelter in Mead, Washington.

In other base metals, three-months zinc dropped on trade selling and liquidatien, lead was quietly steady, copper was barely changed and tin was down slightly, with the International Tin Council buffer stock manager continuing to buy in defense of the £9,060-a-tonne level.

Among other markets, cocoa futures ended the day up £7 at £1,724.50 per tonne against a background ef concern about pod rot disease in Brazil. Coffee ended a dull day below Tuesday's close in the face ef an absence of buyers.

LME prices supplied by Amalgamated Metal Trading

ALUMINIUM

	Unofficial close(p.m.) £ per tonne	+ or —	High/low
Cash	735-6	+9	734
3 months	759-.e	+3	760/756 1

Official closing (am): Cash 733.5-4 (729.5-30), three months 757.5-8 (752.5-3), settlement 734 (730). Final Kerb close: 756-8. Turnover: 8,100 tonnes.

COPPER

Higher grade	Unoffic'l close	+ or —	High/low
Cash	1004-.5	—.5	1004.5
3 months	1032-.5	+.e	1035/1028.9

Official closing (am): Cash 1,004.5-5 (1,001-2), three months 1,032-.5 (1,028-.5), settlement 1,005 (1,002). Final Kerb Close: 1,029-30.

Cathodes			
Cash	974-7	+.0	977/975
3 months	1004 e	—1	1008/1006

Official closing (am): Cash 976-7 (969-70), three months 1,006-8 (1,000-31), settlement 977 (970). Turnover: 20,000 tonnes. U.S. Producer prices: 66-69.50 cents per pound.

LEAD

	Unofficial close(p.m.) £ per tonne	+ or —	High/low
Cash	298.5-9.5	+1	298.5/298
3 months	301-.e	+2.e	302/298

Official closing (am): Cash 297.5-8 (299.5-.75), three months 299.5-300 (298.5), settlement 298 (299.75). Final Kerb close: 300-1. Turnover: 9,175 tonnes. U.S. Spot: 19 cents per pound.

NICKEL

	Unofficial close(p.m.) £ per tonne	+ or —	High/low
Cash	3510-20	+32.5	3540/3520
3 months	3570-5	+30	3585/3535

Official closing (am): Cash 3,535-45 (3,470-5), three months 3,580-5 (3,430-5), settlement 3,545 (3,475). Final Kerb close: 3,575-80. Turnover: 684 tonnes.

ZINC

	Unofficial close(p.m.) £ per tonne	+ or —	High/low
Cash	524-6	—9.5	—
3 months	529 30	—9	539/523

Official closing (am): Cash 526-7 (529-31), three months 530-1 (533-4), settlement 527 (531). Final Kerb close: 526-7. Turnover: 7,000 tonnes. U.S. Prime Western: 41-41.75 cents per pound.

MAIN PRICE CHANGES

In tonnes unless otherwise stated.

METALS	Aug 21 1985	+ or —	Month ago
Aluminium	£1100	......	£1100
Free Mkt.	$1055/075	+e	$1085/865
Copper			
Cash h Grade	£1004.5	—0.5	£1064
3 mths	£1032.25	+0.5	£1071.75
Gold Troy oz	$335.25	—4	$318.70
Lead Cash	£299	+1	£290
3 mths	£301.25	+2.0	£297.5
Nickel			
Free Mkt	222/242c	......	227/257c
Palladium oz	$108.00	......	$94.30
Platinum oz	$329.70	+1.75	$271.40
Quicksilver†	$290/300	......	$285/295
Silver troy oz	450.80p	+3.10	433.15p
3 months	462.80p	+3.05	445.75p
Tin cash	£9097.5	—5	£9102.0
3 months	£9060.e	—7.	£9087.0
Tungsten	572.02	......	$67.49
Wolfram 22.0lb	$65/70	......	$59/62
Zinc	£524.5	—9.0	£554.e
3 months	£529.5	—9	£544.5
Producers	$830	......	$830

OILS	Aug. 21 1985	+ or —	Month ago
Coconut (Phil)	$430x	+10	$530
Palm Malayan	$415y	......	$465
SEEDS			
Copra Phil	$315x	+5	$335
Soyabean (U.S.)	$212.5w	—0.15	$224.9
GRAINS			
Barley Fut. Nov.	£103.20	—0.15	£100.85
Maize	£133.48	......	£137.00
Wheat Fut. Nov.	£102.7e	+e.15	£101.25
No. 2 Hard Wint.	‡	......	‡
OTHERS			
Cocoa Ft. Dec.	£1724.5	+7	£1702.5
Coffee Ft. Nov.	£1694	—23.5	£1591.5
Cotton A Index	66.60c	......	59.95c
Gas Oil Oct.	$234	+9	$220.e
Rubber (kilo)	62p	......	65p
Sugar (raw)	$119x	+3	$100
Wooltops 64s	437p kilo	......	438pkl

‡ Unquoted. x Aug-Sept. w Sept. y Oct. † Per 76-lb flask. c Cents per pound.

TIN

High grade	Unofficial close(p.m.) £ per tonne	+ or —	High/low for day
Cash	9095-100	—7.0	—
3 months	9055-70	—1.5	—

Official closing (am): Cash 9,095-100 (9,090-5), three months 9,065-70 (9,057-60), settlement 9,100 (9,095).

Standard			
Cash	9095-100	—5	9101/9095
3 months	9060-1	—7	9070/9060

Official closing (am): Cash 9,095-100 (9,095-5), three months 9,062-5 (9,055-0), settlement 9,100 (9,095). Final Kerb close: 9,060-63. Turnover: 1,485 tonnes. Straits tin $m 30.78 (30.90) kilo.

GOLD

Gold rose $½ to $335-335½ on the London bullion market yesterday. The metal opened at $335½-336 and was fixed at $335¾ in the morning and $335.50 in the afternoon. Trading was generally quiet, reflecting the lack of any further news from South Africa, but gold tended to be influenced by the more volatile movement in platinum. Gold touched a peak of $336¼-336¾ and a low of $333¾-334¼.

GOLD BULLION (fine ounce) Aug. 21

Close	$335-335½	(£241-241½)
Opening	$335½-336	(£241½-242)
M'n'g fix	$335.75	(£241.579)
Aft'n'n fix	$335.50	(£241.775)

GOLD AND PLATINUM COINS

Kr'g'r'nd	$339 340	(£244¼-244¾)
½ Krug.	$177¾-178¼	(£128-128½)
¼ Krug.	$90¾-91¼	(£65¼-65¾)
1/10 Krug.	$37 37½	(£26¾-27)
Mapleleaf	$345¼-346	(£248¾-249¼)
New Sov.	$79¼-79¾	(£57-57½)
½ New Sov	$48-48½	(£34½-35)
Old Sov.	$80-81½	(£57½-58¼)
$20 Eagle	$480 530	(£345¾-374½)
Noble Plat	$341-345¼	(£246½-248½)

SILVER

Silver was fixed 3.1p an ounce higher for spot delivery in the London bullion market yesterday at 450.25p. U.S. cent equivalents of the fixing levels were: spot 624.5c, down 1.3c; three-month 636.4c, down 1.7c; six-month 648.75c, down 1.75c; and 12-month 676.8c, down 2.7c. The metal opened at 450-453p (625-628c) and closed at 451-454p (627-630c).

SILVER per troy	Bullion Fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	450.25p	+3.10	450.5p	+1
3 months	462.50p	+3.05	463.5p	+1.25
6 months	474 05p	+3.30	—	—
12 months	497.75p	+3.25	—	—

LME—Turnover: 59 (126) lots of 10,000 oz.

Cash high 448.5p, low 448.3p; three months high 462p, low 461p, final Kerb 462.5-3.5.

GRAINS

WHEAT Mnth	Yesterd'ys close	+ or —	BARLEY Yesterdys close	+ or —
Sept	100 55	+0.25	100.00	+0.15
Nov	102.75	+e.15	103.20	—0.15
Jan	106.40	+0.15	106.70	—0.15
Mar	109.45	+0.10	109.65	—0.15
May	112.80	—0.25	112.45	—
July	116.40	+0.10	—	—

Business done—Wheat: Sept 100.60-0.25, Nov 102.85-2.55, Jan 106.55-6.20, March 109.55-9.45, May 113.10-2.80, July 119.40 only. Sales: 698 lots of 100 tonnes. Barley: Sept 100.00 only, Nov 103.40-3.20, Jan 106.95-6.85, March 109.90-9.70, May 112.60 only. Sales: 335 lots of 100 tonnes.

HGCA—Feed—Barley: Eastern 92.90, E. Mids 96.00, N. East 94.60, Scotland 96.50. The UK monetary coefficient for the week beginning Monday August 26 will remain unchanged at 0.984.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 1, 15 per cent: Sept 119, Oct 120, Nov 121.50, Dec 123.50, sellers, transhipment East Coast. U.S. No. 2 Soft Red Winter: Sept 104.25, Oct 107.50, Nov 109.75, Dec 111, sellers. EEC: Spot 119.50. English feed, fob: Sept 101.50, Oct 103.25, Oct/Dec 105.50, sellers, East Coast. Maize: U.S. No. 3 Yellow/French, transhipment East Coast: Aug 133.50, Oct/Dec 130.00, sellers. Barley: English feed, fob: Aug 101.25 South Coast, Sept 102 East Coast. Rest unquoted.

COCOA

Futures opened £7-8 steadier and in thin volume held these levels through a dull day to close near the highs. Some scale-up producer selling was encountered during the early morning but physicals languished thereafter, reports Gill and Duffus.

COCOA	Yesterday's Close £ per tonne	+ or —	Business Done
Sept.	1714-1716	+4.0	1718-1708
Dec.	1724-1725	+7.0	1727-1718
Mar.	1736-1738	+7.5	1738-1730
May	1748-1750	+7.0	1750-1788
July	1758-1760	+5.5	1760-1758
Sept.	1765-1770	—	1775-1770
Dec.	1765-1775	—	—

Sales: 2,377 (1,956) lots of 10 tonnes.

ICCO indicator prices (U.S. cents a pound). Daily price for August 20: 103.55 (103.88); five-day average for August 21: 103.53 (103.26).

RUBBER

The London physical market opened unchanged, met persistent selling throughout the day and closed easier, reports Lewis and Peat. Closing prices (buyers): spot 62.00p (same); Sept 58.25p (same); Oct 58.00 (58.25p). The Kuala Lumpur fob price for Rss No. 1 was 185.25 (185.0) cents a kg and for SMR 20 was 151.25 (152.0).

INDICES

FINANCIAL TIMES

Aug. 20	Aug. 19	M'th ago	Year ago
201.70	251.04	260.91	289.93

(Base: July 1 1952 = 100)

REUTERS

Aug. 21	Aug. 20	M'th ago	Year ago
1683.4	1079.9	1075.5	1840.0

(Base: September 18 1931 = 100)

DOW JONES

Dow Jones	Aug. 20	Aug. 19	Month ago	Year ago
Spot	114.88	115.28	—	130.09
Fut.	114.44	114.58	—	127.25

(Base: December 31 1974 = 100)

COFFEE

During a quiet morning, light Commission House selling created losses £5-12, reports Drexel Burnham Lambert. A relatively steady New York market encouraged a brief recovery but values drifted back to consolidate in a narrow range as the early afternoon buying gradually dried up.

COFFEE	Yesterdy's Close	+ or —	Business Done
Sept.	1660-62	—15.5	1680-60
Nov.	1699 95	—23.e	1716-93
Jan.	1729 32	—14.e	1743-27
March	1755 58	—3.e	1760 e9
May	1770-80	+4.e	1779-75
July	1785-90	+4.e	1790
Sept.	1795.1e	+4.0	—

Sales: 1,621 (1,824) lots of 5 tonnes.

ICO indicator prices (U.S. cents per pound) for August 20: Comp daily 1979 121.71 (121.58); 15-day average 119.36 (118.01).

SUGAR

LONDON DAILY PRICE—Raw sugar $116.00 (£85.50), up $3.00 (down $2.50) a tonne for Aug-Sept delivery. White sugar $161.00, up $2.00.

No. 6 Contract	Yest'day's close	Previous close	Business done
	$ per tonne		
Oct	114.8-114.6	118.6-118.8	120.0-112.0
Dec	117.0-117.4	121.6-122.0	122.0-117.0
Mar	125.6-126.8	130.4-130.6	131.6-124.0
May	129.0-130.4	134.2-134.4	145.4-128.6
Aug	135.0-135.4	138.2-138.4	—
Oct	139.0-140.4	143.2-144.6	144.2-138.8

Sales: 2,955 (2,092) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis sugar was £189.00 (same) a tonne for export.

(International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean ports.) Prices for August 20: Daily price 4.15 (4.16); 15-day average 4.35 (4.38).

SOYABEAN MEAL

The market opened 50p lower on profit-taking, reports T. G. Roddick. Prices remained in narrow ranges on a lack of any fresh news.

	Yesterday close £ per tonne	+ or —	Business Done
October	111.5-111.8	—0.70	111.5-111.0
Dec	115.0-115.1	—0.20	110.0-114.5
Feb	118.0-120.0	—0.25	118.8- —
Apr	119.5-120.0	—0.85	119.9- —
June	120.5-120.8	—0.80	120.5- —
August	121.9-124.0	—0.75	—

Sales: 348 (376) lots of 20 tonnes.

HIDES

JUTE—Leeds (Birmingham). Second clean. Pence per kg. Ov 31-35.5 kg. 92.0 withdrawn (93.3); 26-30.5 kg. 107.1 withdrawn (109.3); 22-25.5 kg. 112.e withdrawn (114.0 withdrawn). Cows, under 25.5 kg. 105.0 withdrawn (107.1 withdrawn).

OIL

Strength in Brent prompted by mildly bullish API statistics had run out of steam by the close. WTI held well, however, and was trading 12c up by 1 pm EDT. In the petroleum products market gas oil firmed with the IPE and Nymex. Naphtha and fuel oil remained quiet and stable—Petroleum Argus, London.

SPOT PRICES

CRUDE OIL—FOB ($ per barrel)—Sept.	Latest	Change + or —
Arab Light	27.15-27.25	+0.05
Arab Heavy	25.25-25.30	—
Dubai	25.25-25.30	+0.075
Brent Blend	27.40-27.50	+0.10
W.T.I. (1 pm est)	28.10-28.20	+0.175
Forcados (Nigeria)	27.80-28.00	—
Urals (cif NWE)	26.55-26.70	—

PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	255-247	—
Gas Oil	238-240	+2.75
Heavy fuel oil	145-146	—
Naphtha	245-247	—

* October.

Petroleum Argus estimates

GAS OIL FUTURES

Month	Yest'day's Close $ U.S. per tonne	+ or —	Business Done
Sep	237.00	+2.75	237.00-35.25
Oct	234.00	+2.00	234.25-32.75
Nov	233.75	+2.25	233.75-32.50
Dec	233.50	+2.50	233.75-32.50
Jan	233.75	+2.50	233.75-32.75
Feb	231.25	+4.25	—

Turnover: 2,675 (2,118) lots of 100 tonnes.

PIGMEAT

Trade was lacking incentive and lowered prices across the board but without appreciable response, reports CCST Commodities.

Month	Yesterdays close	Previous close	Business done
	p. per kilo (deadweight)		
Oct	110.00	112.60	111.0-110.5
Nov	110.90	111.50	—
Feb	100.40	100.60	—
April	100.70	101.00	—
June	100.60	101.00	—
Aug.	99.80	100.20	—

Sales: 10 (42) lots of 50 carcases, 3,250 kg.

POTATOES

The market saw a reaction to the recent nervous trading conditions brought about by adverse weather. Profit-taking and switching operations were the main factors behind a decline on prices. Reports of crop stress still abound but opinions vary depending on growing location and reports of excellent crops are also in evidence, reports Coley and Harper.

Month	Yesterday's close	Previous close	Business Done
	£ per tonne		
Nov	66.40	[illegible]	[illegible]
Feb	68.30	72.00	[illegible]
April	85.60	90.30	[illegible]
May	88.70	92.40	[illegible]

Sales: 994 (1,013) lots of 40 tonnes.

FREIGHT FUTURES

The market held steady in reasonable two-way trading. October reached 840.0 but January failed to break 930.0 points. Physical news prompted the rise and final quotations were just off the day's highs, reports Clarkson Wolff. The Baltic Freight Index was 721.5, up 2 points.

	Close	High/Low	Prev
Oct.	837/838	840/835	828/834
Jan.	896/898	898/896	892.5/895
April	938/940	939	938/940
July	850/870	—	858/870
Oct.	930/990	—	935/990
Jan.	1000/1050	—	980/1000
April	1010/1060	—	1010/1040
July	960/1000	—	960/1000

Turnover 58 (70).

U.S. MARKETS

GOLD AND SILVER firmed on the strength in currencies and continued concern over a potential South African miners' strike, reports Heinold Commodities. Copper and aluminium benefitted from arbitrage buying and reports of Chinese inquiry. Sugar came under pressure on the large export authorisation at the EEC selling tender. Cocoa firmed on further indications of setbacks to the Brazilian crop. Coffee weakened on good producer selling and long liquidation ahead of first notice day. Cotton came under pressure from the lack of mill interest. Heating oil traded moderately higher after early strength which was triggered by a more favourable than expected API stock report. Grain and soyabean markets moved higher despite late profit-taking. The markets rebounded from their contract lows on indications that the Soviet Union was buying wheat in the U.S. markets.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	High	Low	Prev
August	44.95	—	—	44.95
Sept	45.10	45.10	45.05	45.10
Oct	45.45	—	—	45.45
Dec	46.15	46.20	46.10	46.15
Jan	46.50	—	—	46.50
March	47.25	47.25	47.20	47.25
May	47.95	—	—	47.95
July	48.65	—	—	48.65
Sept	49.35	—	—	49.35
Jan	50.75	—	—	50.75

COCOA 10 tonnes, $/tonnes

	Latest	High	Low	Prev
Sept	2150	2150	2081	2094
Dec	2236	2240	2168	2174
March	2265	2265	2205	2212
May	2275	2275	2226	2236
July	—	—	—	2258
Sept	2280	2280	2280	2270
Dec	2295	—	—	2293

COFFEE "C" 37,000 lb, cents/lb

	Close	High	Low	Prev
Sept	134.02	136.00	133.60	136.30
Dec	137.76	140.00	137.80	139.64
March	139.81	140.99	139.75	141.00
May	140.76	141.25	140.30	141.00
July	140.88	140.30	140.30	141.28
Sept	141.00	141.00	141.00	141.40
Dec	[illegible]	[illegible]	[illegible]	[illegible]

COPPER 25,000 lb, cents/lb

	Close	High	Low	Prev
August	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]

COTTON 50,000 lb, cents/lb

	Close	High	Low	Prev
Oct	58.47	58.47	58.15	58.40
Dec	58.76	58.88	58.42	58.81
March	59.87	60.00	59.75	59.87
May	60.14	60.35	60.05	60.20
July	60.00	60.02	59.96	60.03
Oct	55.19	—	—	55.00
Dec	54.25	54.25	54.10	54.16

CRUDE OIL (LIGHT) 42,000 U.S. gallons, $/barrels

	Latest	High	Low	Prev
Oct	27.86	27.92	27.71	27.73
Nov	27.44	27.51	27.26	27.29
Dec	27.19	27.26	26.98	27.03
Jan	26.97	27.02	26.73	26.78
Feb	26.75	26.76	26.50	26.53
March	26.50	26.50	26.29	26.28
April	26.21	26.22	26.03	26.03
May	25.90	25.95	25.78	25.78
June	25.87	25.67	25.53	25.53

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
August	338.9	339.1	336.5	335.8
Sept	339.5	—	—	336.3
Oct	341.8	343.0	337.5	338.6
Dec	346.2	347.4	341.7	343.0
Feb	350.6	351.2	346.0	347.4
April	355.0	355.5	351.5	351.8
June	359.9	357.5	356.4	356.7
August	364.9	364.5	363.9	361.8
Oct	370.1	369.2	369.2	367.0
Dec	375.4	376.0	376.0	372.3
Feb	380.9	378.3	378.3	377.8
April	386.5	—	—	383.2
June	392.6	—	—	389.8

HEATING OIL 42,000 U.S. gallons, cents/U.S. gallons

	Latest	High	Low	Prev
Sept	74.80	74.80	74.00	74.05
Oct	75.00	75.75	74.95	74.89
Nov	76.30	76.40	75.75	75.65
Dec	76.90	77.10	76.50	76.36
Jan	77.19	77.30	76.96	76.60
Feb	76.50	76.65	76.00	76.07
March	73.80	73.50	73.40	73.30
April	71.10	71.1e	71.00	70.90
May	70.40	70.50	70.40	70.20

ORANGE JUICE 15,000 lb, cents/lb

	Close	High	Low	Prev
Sept	135.00	135.15	134.65	134.30
Nov	131.50	131.50	131.00	131.10
Jan	129.00	129.00	128.50	128.70
March	127.80	127.80	127.30	127.60
May	126.75	127.00	126.50	126.70
July	126.76	—	—	126.70

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
August	332.7	336.0	329.0	330.7
Oct	334.7	339.5	328.0	332.7
Jan	337.4	343.0	331.5	336.0
April	341.0	347.0	336.0	339.7
July	345.5	349.2	344.2	344.2
Oct	350.0	353.0	352.5	349.5

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
August	631.3	630.0	630.0	628.2
Sept	632.5	636.0	625.0	628.0
Oct	636.9	—	—	632.4
Dec	645.3	649.5	637.5	640.e
Jan	649.9	642.5	642.5	645.2
March	658.4	661.0	651.5	653.7
May	667.5	666.0	660.5	662.8
July	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	High	Low	Prev
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	High	Low	Prev
Oct	55.62	55.97	55.10	55.52
Dec	57.77	58.05	57.15	57.50
Feb	58.22	58.56	57.70	58.12
April	59.20	59.50	58.95	59.07
June	[illegible]	[illegible]	[illegible]	[illegible]
August	[illegible]	[illegible]	[illegible]	[illegible]

LIVE HOGS 30,000 lb, cents/lb

	Close	High	Low	Prev
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
August	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]

MAIZE 5,000 bu min, cents/56lb-bushel

	Close	High	Low	Prev
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]

PORK BELLIES 38,000 lb, cents/lb

	Close	High	Low	Prev
August	[illegible]	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
August	[illegible]	[illegible]	[illegible]	[illegible]

SOYABEANS 5,000 bu min, cents/60lb-bushel

	Close	High	Low	Prev
August	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Nov	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
August	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Nov	[illegible]	[illegible]	[illegible]	[illegible]

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
August	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
August	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]

SOYABEAN OIL 60,000 lb, cents/lb

	Close	High	Low	Prev
August	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
August	[illegible]	[illegible]	[illegible]	[illegible]

WHEAT 5,000 bu min, cents/60lb-bushel

	Close	High	Low	Prev
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]

Canadian Western Red Spring, 13.5 per cent: Sept 154.00, Oct 156. Canadian No. 1 Western Amber Durum: 182.

MAIZE—(U.S. $ per tonne) U.S. No. 3 Yellow: Afloat 121-119, Aug 117.50, Sept 116, Oct 112, Oct/Dec 111, Jan/March 115, April/June 115, sellers. Argentine, Plate: Afloat 129, Sept 126, sellers.

OTHER MARKETS

MEAT

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 94.47p per kg lw (—2.47). GB—Sheep 148.78p per kg est dcw (—15.49). GB—Pigs 76.59p per kg lw (—3.47). GB—AAPP 99.91p per kg dcw (+0.83).

SMITHFIELD—Pence per pound. Beef: Scottish killed sides 78.0 to 82.0. English forequarters 54.0 to 57.0; Ulster hindquarters 85.0 to 89.6. Veal: Dutch hinds and ends 128.0 to 142.0. Lamb: English small 70.0 to 76.0, medium 66.0 to 72.0, heavy 64.0 to 68.0; Scottish medium 66.0 to 69.0, heavy 63.0 to 66.0; Imported: New Zealand PL 65.0 to 66.0. Pork: English, under 100 lb 45.0 to 57.5, 100-120 lb 51.0 to 56.0, 120-160 lb 44.0 to 53.0.

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg: Oct 611.0, 613.0, 615.0; March 623.0, 625.0, nil; May 632.0, 636.0, nil; July 633.0, 636.0, nil; Oct 622.0, 634.0, 634.0; Dec 625.0, 640.0, nil; March 636.0, 647.0, nil. Sales: 4.

ROTTERDAM

WHEAT—(U.S. $ per tonne): U.S. No. 2 Red Winter: Sept 128, Oct 130.50, Nov 133, Dec 134.50. U.S. Northern Spring, 14 per cent protein: Sept 149, Oct 149, Nov 151, Dec 155. U.S. Northern Spring, 15 per cent protein: Sept 160, Oct 161.50, Nov 164.50, Dec 166. U.S. No. 3 Hard Amber Durum: Aug 151, Sept 160, Oct 165, Nov 165, April/May 168.50, June 169.

COTTON

LIVERPOOL—Spot and shipment sales amounted to 110 tonnes. Trading developed on a moderate scale with Pakistani and Paraguayan growths in request.

SPOT PRICES — Chicago loose lard 17.50 (19.00) cents per pound. New York tin 680.0-84.0 (682.0-86.0) cents per pound. Handy and Harman silver bullion 629.0 (626.5) cents per troy ounce.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar falls towards close

The dollar traded very quietly on the foreign exchanges yesterday, and dealers can see little reason to anticipate any movement outside the present range of DM 2.74-2.79 in the near future. Wednesday's surprising rise of 2 per cent in second quarter U.S. Gross National Product, after forecasts that the earlier estimate of 1.7 per cent would be revised downwards, failed to lift the U.S. currency above DM 2.79, but on the other hand there seemed to be no enthusiasm to sell the dollar, and it continued to drift around in a narrow range. The market is generally unconvinced that U.S. growth is picking up after a disappointing first half year, and today's figure on July durable goods orders is expected to be down by at least 2 per cent, after a rise of 3.6 per cent in June. Against a very uncertain economic background the U.S. currency weakened, to close at the day's lows, on a report that members of the Federal Open Market Committee showed concern about slow economic growth at this week's meeting.

The dollar fell to DM 2.7855 from DM 2.7775; FFr 8.4475 from FFr 8.4835; SwFr 2.2665 from SwFr 2.2785; and Y236.95 from Y237.30. On Bank of England figures the dollar's index fell to 136.5 from 136.7.

STERLING — Trading range against the dollar in 1985 is 1.4290 to 1.0525. July average 1.3783. Exchange rate index fell 0.1 to 81.7. It opened at 81.8 and showed almost no movement throughout.

Sterling was also quiet, within a narrow range, hovering around $1.39 for most of the day. It closed at the day's peak of $1.3925-1.3935, a rise of 35 points from the previous finish, but fell to DM 3.85 from DM 3.86; FFr 11.73 from FFr 11.78; SwFr 3.1550 from SwFr 3.1650; and Y329.50 from Y329.75. The Bank of England's caution at endorsing any further reduction in clearing bank base rates, continued to underpin the pound.

D-MARK — Trading range against the dollar in 1985 is 3.4510 to 2.7575. July average 2.9134. Exchange rate index 126.6 against 118.5 six months ago.

The D-mark was steady against the dollar in Frankfurt yesterday. Trading was quiet, with banks covering short positions, as doubts continued about whether the U.S. currency was a cheap buy below DM 2.80, or would weaken again in the face of a weak U.S. economic performance. Despite the unexpected increase in revised U.S. second quarter GNP the dollar failed to break through DM 2.79, while German interest rate factors faded into the background, even after the Bundesbank President said the central bank will use to the full its scope for interest rate cuts. Euromark rates showed a slightly weaker trend. The Bundesbank did not intervene when the dollar was fixed at DM 2.7813 compared with DM 2.7652, and later in the day the U.S. currency closed at DM 2.7775 against DM 2.78075. Sterling was fixed at DM 3.8590

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu August 21	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.8320	45.0716	+0.53	+0.91	±1.5425
Danish Krone	8.12857	8.06410	−0.79	−0.41	±1.6421
German D-mark	2.23840	2.22559	−0.57	−0.19	±1.1455
French Franc	6.85402	6.79713	−0.97	−0.59	±1.3654
Dutch Guilder	2.52208	2.50553	−0.66	−0.28	±1.5162
Irish Punt	0.724578	0.715110	−1.31	−0.93	±1.6673
Italian Lira	1520.60	1490.92	−1.95	−1.85	±4.0856

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

STERLING INDEX

	Aug 21	Previous
8.30 am	81.8	82.1
9.00 am	81.7	82.1
10.00 am	81.8	82.1
11.00 am	81.8	82.1
Noon	81.8	82.1
1.00 pm	81.8	82.0
2.00 pm	81.7	81.6
3.00 pm	81.7	81.6
4.00 pm	81.7	81.5

£ IN NEW YORK

	Aug. 21	Prev. close
£ Spot	$1.3870-1.3880	$1.3900-1.3610
1 month	0.47-0.44pm	0.47-0.45 pm
3 months	1.19-1.15pm	1.16-1.16 pm
12 months	2.85-0.70pm	2.75-2.65 pm

Forward premiums and discounts apply to the U.S. dollar

POUND SPOT—FORWARD AGAINST POUND

August 21	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.3845-1.3935	1.3925-1.3935	0.48-0.45c pm	4.01	1.19-1.14pm	3.35
Canada	1.8807-1.8885	1.8815-1.8846	0.48-0.40c pm	2.84	1.15-1.00pm	2.28
Nethlnd.	4.31½-4.35¼	4.31½-4.32½	2⅛-2⅛c pm	6.25	6⅛-5⅞pm	5.61
Belgium	77.85-78.28	77.85-77.95	19-11c pm	2.31	33-15pm	1.23
Denmark	13.94½-14.01¼	13.94½-13.95½	4⅛-3⅞ore pm	3.33	11¾-10⅞pm	3.05
Ireland	1.2382-1.2483	1.2382-1.2402	0.21-0.09p pm	1.31	0.52-0.29pm	1.31
W. Ger.	3.84½-3.86¼	3.84½-3.85½	2½-2⅜pf pm	7.80	6⅛-5⅞pm	0.88
Portugal	229-232¼	229¼-232¼	80-415c dis	−12.35	420-1460d	−16.29
Spain	227-227¾	227¼-227½	35-160c dis	−6.67	185-470dis	−5.76
Italy	2,578½-2,590	2,578½-2,579½	2lire pm-3 dis	−0.23	8-16dis	−1.85
Norway	11.37½-11.44¼	11.38½-11.39½	½-1ore dis	−0.92	2⅛-3⅛dis	−1.12
France	11.72½-11.80¼	11.72½-11.73½	1⅛-⅞c pm	1.41	1pm-1dis	—
Sweden	11.46½-11.53½	11.46½-11.47½	2½-3½ore dis	−3.14	9½-10¼dis	−3.38
Japan	328¾-330½	329-330	1.55-1.45y pm	5.46	4.20-4.05pm	5.01
Austria	27.07-27.15	27.11-27.15	15½-14gro pm	6.47	41¼-37¾pm	5.82
Switz.	3.15-3.17	3.15-3.10	2-1⅞c pm	7.37	6½-5¾pm	6.81

Belgian rate is for convertible francs. Financial franc 79.35-79.45. Six-month forward dollar 1.55-1.90c pm. 12-month 2.90-2.75c pm.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

August 21	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.3845-1.3935	1.3925-1.3935	0.48-0.45c pm	4.01	1.19-1.14pm	3.35
Ireland†	1.1167-1.1230	1.1220-1.1230	0.30-0.20c pm	2.68	0.65-0.50pm	2.06
Canada	1.3545-1.3585	1.3550-1.3560	0.12-0.15c dis	−1.10	0.34-0.39dis	−1.08
Nethlnd.	3.1200-3.1395	3.1235-3.1245	0.57-0.54c pm	2.13	1.74-1.71pm	2.20
Belgium	56.20-56.40	56.20-56.30	7-9c dis	−1.71	23-30dis	−1.88
Denmark	10.00½-10.08¾	10.00½-10.01	¼-¾ore dis	−0.60	¾-1dis	−0.30
W. Ger.	2.7650-2.7860	2.7650-2.7660	0.85-0.80pf pm	3.56	2.55-2.50pm	3.63
Portugal	165-167¼	166-166¼	100-350c dis	−16.22	450-1200d	−19.82
Spain	163.00-163.85	163.50-163.70	75-175c dis	−9.16	250-450dis	−8.55
Italy	1,857-1,885	1,880½-1,881½	6½-8lire dis	−6.67	24½-26dis	−5.42
Norway	8.19½-8.23¼	8.22½-8.23	3-3½ore dis	−4.74	9-9½dis	−4.60
France	8.44-8.50¼	8.44½-8.45	1¼-2c dis	−2.65	7-7½dis	−3.41
Sweden	8.27½-8.29¼	8.28½-8.29	4¾-5¼ore dis	−7.23	13¾-14¾dis	−6.75
Japan	236.90-237.85	236.90-237.00	0.38-0.32y pm	1.77	1.06-0.96pm	1.70
Austria	19.48½-19.57	19.50-19.52	4¾-4gro pm	2.69	13½-11pm	2.51
Switz.	2.2630-2.2830	2.2660-2.2670	0.69-0.63c pm	3.47	1.96-1.90pm	3.38

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 56.95-57.05.

OTHER CURRENCIES

Aug. 21	£	$		£ Note Rates
Argentina Austl.	1.1104-1.1126	0.8000-0.8010	Austria	27.00-27.30
Australia Dollar	1.9616-1.9655	1.4145-1.4165	Belgium	78.85-79.75
Brazil Cruzeiro	9,397-9,431	6,770-6,790	Denmark	13.92-14.05
Finland Markka	8.2805-8.2405	5.9870-5.9290	France	11.76-11.88

CURRENCY MOVEMENTS

Aug. 21	Bank of England Index	Morgan Guaranty Change %
Sterling	81.7	−6.7
U.S. dollar	136.5	+25.3
Canadian dollar	88.2	−7.1
Austrian schilling	117.1	+4.9
Belgian franc	91.6	−10.5
Danish Kroner	80.2	−4.6

CURRENCY RATES

Aug. 21	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.744540	0.575847
U.S.$	7½	1.03439	0.799661
Canadian $	0.30	*	1.08500
Austria Sch.	4	20.2078	15.6451
Belgian Fr.	10	58.3189	45.0716
Danish Kr	7	10.4199	8.06410
D mark	4	2.87696	2.22550
Guilder	6	3.24023	2.50553

* CS/SDR rate for Aug 20: 1.40609.

EXCHANGE CROSS RATES

EURO-CURRENCY INTEREST RATES (Market closing rates)

Asian $ (closing rates in Singapore): Short-term 7¾-7⅞ per cent; seven days 7¹³⁄₁₆-7¹⁵⁄₁₆ per cent; one month 7⅞-8 per cent; three months 8-8⅛ per cent; six months 8³⁄₁₆-8⁵⁄₁₆ per cent; one year 8½-8⅝ per cent. Long-term Eurodollars: two years 9⅝-9¾ per cent; three years 10-10⅛ per cent; four years 10⅜-10½ per cent; five years 10½-10⅝ per cent nominal. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

MONEY MARKETS

UK rates up on fading base rate hopes

UK rates were mostly firmer in London yesterday as the market digested an unexpected upturn in U.S. economic growth and sterling's weaker performance. While the prospect of a cut in base rates remained, the timing may have been put back, vindicating to some extent the authorities' previous caution.

Three-month interbank money was quoted at 11⅞-11¾ per cent little changed from 11⅞-11¹³⁄₁₆ per cent on Tuesday while the one year rate rose to 10⅞-11 per cent from 10¹³⁄₁₆-11 per cent. Three-month eligible bank bills were bid at 11⅝ per cent compared with 11⁹⁄₁₆ per cent. Overnight interbank money traded between 12½ per cent and 14½ per cent.

The Bank of England forecast a shortage of around £1,050m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £371m and Exchequer transactions a further £540m. There was also a rise in the note circulation of £105m and banks brought forward balances £25m below target. The Bank gave assistance in the morning of £232m through outright purchases of £4m of eligible bank bills in band 1 (up to 14 days) at 11⅝ per cent and £127m in band 2 (15-33 days) at 11⁹⁄₁₆ per cent. In band 3 (34-63 days) it bought £89m of eligible bank bills at 11⅝ per cent and £12m in band 4 (64-91 days) at 11⁹⁄₁₆ per cent.

The shortage was later revised to £950m before taking into account the early help and the Bank gave additional assistance in the afternoon of £287m. This comprised purchases of £1m of Treasury bills and £2m of eligible bank bills in band 1 at 11⅝ per cent and in band 2, £3m of Treasury bills and £98m of eligible bank bills at 11⁹⁄₁₆ per cent. In band 3 it bought £5m of Treasury bills and £97m of eligible bank bills at 11⅝ per cent and in band 4 £8m of Treasury bills and £73m of eligible bank bills at 11⁹⁄₁₆ per cent. Late assistance came to £310m, making a total of £829m.

UK clearing banks base-lending rate 11½ per cent since July 30.

MONEY RATES

Aug. 21	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	4.5-4.6	9⅝	1¼-1¾	5¾-5½	6.09375	14⅝-14¾	0.30	11¼-11½
One Month	4.50-4.65	9⅝-9¾	4⅛-4⅝	5¾-5⅞	6.34375	16⅞-14¼	9⅛-9¼	10⅝-10⅞
Two Months	4.50-4.65	9¾-9⅞	—	—	—	—	—	10¼-10½
Three Months	4.50-4.65	9¾-9⅞	4½-4¾	5¾-5⅞	6.34375	14¼-14⅝	9⅛-9⅝	10⅝-10⅞
Six Months	4.55-4.70	9⅞-10	—	5¾-6⅛	—	—	9⅝-9⅞	10¼-10½
Lombard	5.5	—	—	—	—	—	—	—
Intervention	—	9⅝	—	—	—	—	—	—

LONDON MONEY RATES

Discount Houses Deposit and Bill Rates

MONEY RATES

NEW YORK (Lunchtime)

Treasury Bills

Treasury Bonds

FT LONDON INTERBANK FIXING

(11.00 a.m. Aug. 21)
3 months U.S. dollars

bid 7 15/16	offer 8 1/16

6 months U.S. dollars

bid 8 1/8	offer 8 1/4

The fixing rates are the arithmetic means, rounded to the nearest one sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

FINANCIAL FUTURES

Eurodollars up

Euro-dollar prices were firmer in the London International Financial Futures Exchange yesterday as the market shrugged off Tuesday's better-than-expected U.S. GNP figures. Sentiment was still inclined to be on the bullish side, with dealers seeing nothing concrete so far to suggest a significant upturn in the third and fourth quarters of this year. The December Euro-dollar contract attracted a majority of the volume, with prices marked up at the outset in fairly brisk trading. However, continued good buying met resistance at the higher levels, reflecting to some extent a rather sluggish cash market. Today sees the release of U.S. durable goods orders.

These are not expected to alter the general feeling that the Federal authorities will cut the discount rate sometime this autumn.

Sterling-based instruments were slightly easier, reflecting sterling's recent weaker trend and receding hopes of an early reduction in clearing bank base rates. Bond prices were higher in early trading on stronger overnight levels and touched the day's highs around the opening of U.S. centres. However, profit-taking developed in the afternoon although values still finished up from Tuesday's close in London.

LONDON

THREE-MONTH EURODOLLAR £1m points of 100%

	Close	High	Low	Prev
Sept	92.01	92.03	91.98	91.90
Dec	91.71	91.76	91.67	91.52
March	91.32	91.35	91.29	91.13
June	90.94	90.95	90.91	90.76
Sept	90.58	90.59	90.54	90.40

Est volume 5,976 (6,825)
Previous day's open int 20,126 (20,568)

THREE-MONTH STERLING £500,000 points of 100%

U.S. TREASURY BONDS 8% $100,000 32nds of 100%

	Close	High	Low	Prev
Sept	77-08	77-18	77-08	76-21
Dec	76-06	76-18	76-06	75-21
March	75-08	—	—	74-21

Est volume 2,517 (3,972)
Previous day's open int 2,902 (2,884)

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

Company Notices

CHARTER CONSOLIDATED P.L.C.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the twentieth annual general meeting of members of Charter Consolidated P.L.C. will be held in the Caxton suite at the London International Press Centre, 76 Shoe Lane, London EC4A 3JB (New Street Square entrance), on Friday 13 September 1985 at 12 noon for the following purposes:

1. To consider the accounts and the report of the directors for the year to 31 March 1985.
2. To declare a final dividend.
3. To reappoint as directors Mr J. W. Herbert, Mr M. B. Hofmeyer, Mr A. E. Oppenheimer, and Mr N. F. Oppenheimer.
4. To reappoint Coopers & Lybrand as auditors and authorise the board to fix their remuneration.

A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, to vote instead of him. A proxy need not be a member of the company.

By order of the board
E. G. RUDLAND
Secretary

40 Holborn Viaduct
London EC1P 1AJ
21 August 1985

NOTES:

1. To be valid the form of proxy must reach the company's registrars in the United Kingdom not less than 48 hours before the meeting.
2. Holders of share warrants to bearer who wish to attend in person or by proxy or to vote at the meeting must comply with the relevant conditions governing share warrants to bearer, copies of which are available from the registered office of the company and the office of its registrars in the United Kingdom and from the company's overseas paying agents.
3. There are no directors' service contracts required by The Stock Exchange to be made available for inspection at the meeting.

Holders of share warrants to bearer may obtain a copy of the annual report and accounts upon application to 40 Holborn Viaduct, London EC1P 1AJ.

LIFFE OPTIONS REPORT

Sterling Currency—£25,000 c per £
Uptarn over recent volumes due to steady cash markets maintained this week.

Est volume Calls	Est volume Puts	Previous day's open interest Calls	Previous day's open interest Puts
225	990	10322	7161

Eurodollar Future—points of 100%
Better volume as futures rose with easier rates on lack of sustenance in yesterday's rises.

Est volume Calls	Est volume Puts	Previous day's open interest Calls	Previous day's open interest Puts
295	95	1256	1291

For full details of settlement prices call:
Louise Powell of LIFFE on 01-623 0444
LIFFE, ROYAL EXCHANGE, LONDON EC3V 3PJ

LONDON SHARE SERVICE

BRITISH FUNDS

1985 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
[illegible]	99	Exch. 12¼pc 1985	100	.....	[illegible]	11.20
[illegible]	99	Exch. 11½pc '86	100	.....	[illegible]	10.77
99½	97	Treas. 10pcCnv 1986	99½	+	10	10.74
[illegible]	[illegible]	Treas 3pc 1986	95	+	[illegible]	9.39
100	[illegible]	Exch. 10½pc Cv '86	99	+	[illegible]	10.67
101	[illegible]	Treas 12pc 1986	102	+	[illegible]	10.58
98	[illegible]	Treas 8¾pc 1984-86‡‡	98	+	[illegible]	10.35
105	102	Exch. 14pc 1986	103	–	[illegible]	10.64
93	87	Exch. 2½pc 1986	93	+	[illegible]	7.76
104	101	Exch. 13¼pc 1987	103	+	[illegible]	10.50
99	[illegible]	Treas 10¼pcCv '87	99	.....	[illegible]	10.54
92	[illegible]	Exch. 2½pc 1987	92	+	2	7.81
99	96	Exch. 10½pc 1987	99	+	10.5	10.59
94	89	Funding 6½pc '85-87‡‡	94	+	6.89	10.22
99	95½	Treas. 10pc 1987	99	+	10.10	10.58
90	84	Treas 3pc 1987	90½	+	3.31	8.53
102	99	Treas. 12pc 1987	102	+	11.71	10.66
94	90	Treas 7¾pc 1985-88‡‡	94	+	8.17	10.19
99	95	Exch 10½pc '88	99	+	10.53	10.58
97	93	Treas 9¾pc Cv '88	97	+	9.97	10.65
86	80	Transport 3pc '78-88	86	+	3.48	8.57
96	91½	Treas. 9½pc '88	96	+	9.82	10.68
102	97½	Treas 11½pc 1989	102	+	11.22	10.61
96½	90	Treas 9½pc Cnv. '89	96½	+	9.84	10.66
82	79	Treas 3pc 1989	82	+	[illegible]	0.72
99	94	Treas 10½pc 1989	99	+	[illegible]	10.62
97	92	Exch.10pc 1989	97	+	[illegible]	10.66
101	95	Exch 11pc 1989	100¼	+	[illegible]	10.74
85	79	Treas 5pc 1986-89	85	+	[illegible]	9.42
108	103	Treas 13pc 1990‡‡	108	+	[illegible]	10.54
101	96	Exch 11pc 1990‡‡	101	+	[illegible]	10.59
108	100	Exch. 12½pc 1990	106	+	11	10.68
77	75	Treas. 3pc 1990	77	+	[illegible]	9.05
93	87	Treas 8¼pc 1987-90‡‡	92	+	[illegible]	10.32
		Five to Fifteen Years				
[illegible]	91	Treas. 10pcCn 1990	100	+	[illegible]	10.72
[illegible]	97	Treas 11½pc 1991	105	+	[illegible]	10.76
[illegible]	80	Funding 5¾pc '87-91‡‡	87	+	6.7	9.14

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

Index-Linked

[illegible]

INT. BANK AND O'SEAS GOVT STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Building Societies

[illegible]

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

AMERICANS—Cont.

[illegible]

CANADIANS

[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS—Cont.

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY & STORES—Cont.

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

HOTELS—Continued

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

1985 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
48	28	‡Mammet Hldgs. 10p	40					◆
390	202	Man. Ship Can. £1	368	–5	5.5	3.5	2.1	19.3
104	70	Marley	77		3.75	2.1	7.0	9.3
107	52	Marling Ind. 10p	89		1d3.0	◆	2.1	◆
74	36	Marshall L'ey 'A'	71		2.4	4.9	4.8	5.1
77	58	Marshall's Universal	58		2.0	1.4	4.9	(18.4)
86	78	Do 7½pcCnRedPf £1	82		7½%	—	13.1	—
For Martin-Black see Dean Park Hotels in Recent Equities								
£99	£81	Mathesons 7¼%	£99		Q7¼%	2.5	17.9	—
35	26	‡Maxprint 1p	28		—	—	—	—
492	375	Metal Box £1	492	+2	17.25	3.1	3.0	7.4
170	119	Metal Closures	130		6.7	2.0	7.4	8.1
17	3	‡Metal Sciences 2½p	7	–1	—	—	—	—
104	73	‡Midland Marts	90		4.0	◆	6.5	◆
*63½	57½	Mitchell Cotts	57½	–½	t4.0	1.5	9.9	8.2
230	182	Morgan Crucible	188		0.0	1.6	6.1	13.1
32½	22	‡Morris (W) F 4. 20p	28½		φ0.5	◆	2.3	◆
110	91	Moss (Robt.) 10p	104		3.0	2.5	4.1	11.5
81	68	Myson Grp 10p	69		2.5	3.4	5.2	13.1
328	214	‡NMW Computers	280		4.8	2.7	2.4	21.5
43	28	Nash Inds.	30		‡2.5	1.5	‡	6.9
48	18	Neil & Spencer 10p	19		◆	—	—	5.7
44	14½	Newman Inds 10p	35	–1	—	—	—	(36.6)
*41	28	Nolton	28		u1.17	4.5	6.0	5.4
189	146	Norcros	189		8.6	2.2	6.5	9.4
67	50	Nu-Swift 5p	52		3.0	1.6	8.2	10.0
111	68	Oakwood Grp	95		td4.5	1.4	6.8	14.0
250	150	Office & Elect	250	+2	7.5	2.4	4.3	13.7
108	75	[illegible] 20p	77		4.0	2.6	7.4	6.8

LEISURE—Continued

1985 High	Low	Stock	Price	+ or –
52	7	‡Entertain Prod 5p	7	
78	50	Fairline Boats 10p	73	
326	228	First Leisure £1	326	
69	51	GRA Group 5p	56½	
32	25	Grampian TV 10p	27	
147	117	HTV NonVtg.	147	
148	95	Horizon	111	–6
184	90	Insight	150	
138	102	Intasun 10p	138	+11
33	4½	‡Intervsn Video 10p	6½	+1
232	170	Juliana's Hldgs 2p	173	
290	217	LWT	290	
30	25	‡Leisure Inv 10p	29	
65	55	Leisuretime Int 10p	56	
For Mogent Ag M see Chrysalis				
183	153	‡Media Tech Int 20p	172	
200	124	Medminster 10p	160	
280	175	‡Miss World 10p	200	
127½	70	Nationwide Leisure	75	
39	15	‡Nimslo Int 20c	18	
24¾	19½	‡Owners Abroad	23	
53	30	Photax (Lon.)	40	
24½	20	‡P'dilly Radio NV 5p	20	–2
90	30	‡Pineapple Dnc St 10p	35	
265	183	Pleasurama 5p	260	+1
128	109	Do. 7pcCvCnvRedPf	128	+3
96	77½	‡Pres Entertain 50p	91	–1
85	28	‡Radio City 'A' NV	33	
54	42	‡Radio Clyde NV	43	

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

INSURANCES

LEISURE

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

PROPERTY

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc

FINANCE, LAND—Cont.

OIL AND GAS

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

MINES—Continued

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

Tins

Miscellaneous

1985 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's
350	117	‡Centennial Min'ls.	160	–10	—	—	—
120	65	‡Colby Res Corp.	70		—	—	—
550	287	Cons. Murch. 10c	330	+25	tQ100c	1.4	9.0
90	24	‡Ennex Int. Ir10p	25		—	—	—
215	115	Hampton Areas 10p	152	+2	3.75	0.9	3.5
260	135	‡Highwood Res.	170		—	—	—
£22½	117½	Homestake Mining $1	£19⅞	+¼	Q30c	—	7.2
310	190	‡McFinley Red Lake	225	–10	—	—	—
335	195	‡Musto Explorations	320	–5	—	—	—
55	23	‡New Sabina Res C$1	47	–1	—	—	—
375	245	Northgate C$1	300	–5	—	—	—
685	533	RTZ	585	+10	20.0	2.7	4.9
£145½	£116½	Do. 9½pcLn '95-2000	£128½	+1½	Q9½%	14.0	0.1
£14½	£10	‡Tara Exptn $1	£10⅝		—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- "Tap Stock".
- Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ◆ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ✤ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 535(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ◆ Merger bid or reorganisation in progress.
- ◆ Not comparable.
- ◆ Same interim, reduced final and/or reduced earnings indicated.
- ◆ Forecast dividend, cover on earnings updated by latest interim statement.
- I Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ll No par value.

B.Fr. Belgian Francs. Fr. French Francs. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.
Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xl ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or –
Albany Inv 20p	96	
Craig & Rose £1	700	
Finlay Pkg. 5p.	60	
Higsons Brew	235	
Holt (Jos) 25p	730	
IoM Stm. £1	87	
IRISH		
Fund 11¼% 1988	£101¼	
Nat. 9¾% 84/89	£97½	
Fin. 13% 97/02	£110¼	
Arnott	180	
CPI Hldgs	61	
Carroll Inds.	145	
Dublin Gas	67	–1
Hall (R. & H.)	58	
Heiton Hldgs.	19	
Irish Ropes	46	
Jacob (W.& R.)	82	
Unidare	95xd	

"Recent Issues" and "Rights" Page 30
(International Edition Page 30)

LONDON STOCK EXCHANGE

MARKET REPORT

Equities continue firm on lower inflation forecast

Index moves up 6.0 more to 988.2

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
July 29	Aug 8	Aug 9	Aug 19
Aug 12	Aug 29	Aug 30	Sept 9
Sept 2	Sept 12	Sept 13	Sept 23

* "New-time" dealings may take place from 9.30 am two business days earlier.

The strong showing by Wall Street on Tuesday and indications that UK inflation could halve from the current figure of around 7 per cent by the fourth quarter of next year gave further impetus to London stock markets yesterday.

Equity sectors took Tuesday's rally a stage further with investors apparently ignoring the more bearish indications of the latest report from the National Institute of Economic and Social Research. This pointed to stagnant growth in industrial output and rising unemployment. However, the domestic inflation forecast from the NIESR and the latest call from the Confederation of British Industry for an immediate cut in base-lending rates continued to encourage hopes that a reduction in UK interest charges is not too far away. Interest rate speculation failed to disturb sterling which held around $1.39 throughout the session.

Business in leading Industrials was again thin and mainly directed towards the engineering sector — where a number of important trading statements are expected next month. Foods and oils also improved.

Apart from a minor pause around mid-day, top-quality issues gradually improved to close at or around the session's best levels.

Mirroring the continuing firm undertone in equities, the FT Ordinary share index was finally 6.0 higher at 988.2, having showed a 1.6 gain at 10 am.

Gilts were again quiet; conventional issues displayed improvements ranging to ¼, but index-linked stocks were unsettled by the NIESR inflation forecast and retreated around ⅛.

Pearl disappoint

Pearl's interim profits fell well short of expectations and the price reacted to £11¼ prior to closing a net ½ down at £11½; the company reported sharply increased general underwriting and overseas reinsurance losses, and has decided to dispose of Monarch Insurance Company of Ohio. The figures however, made little impact on other Life Insurance issues which traded quietly around overnight levels prior to closing a shade dearer on balance. Britannic edged up 3 to 750p despite announcing an interim dividend at the lower end of market estimates. Lloyd's Brokers attracted steady support and closed at the day's best. Hogg Robinson were finally 7 higher at 284p and Sedgwick 5 up at 390p Steel Burrill Jones rose 14 to 384p; the results are due shortly.

Distillers continued to attract a fair measure of support and advanced 6 for a two-day gain of 16 at 307p; dealers treated speculation of stake-building by GEC and Hanson Trust with a certain amount of scepticism.

Buildings displayed small irregular movements. A squeeze on bear positions lifted Barratt Developments 4 to 92p, after 94p, but comment on the disappointing interim trading statement prompted fresh offerings of Alfred McAlpine which shed 6 for a two-day fall of 26 to 238p. Blue Circle remained overshadowed by a broker's cautious circular and slipped 6 more to 490p; the interim results are due next Thursday.

Chemicals remained selectively firm. ICI hardened a few pence to 659p, while Rentokil gained 8 to 140p following comment on the half-year figures.

Stores subdued

The encouraging tone of the latest FT-CBI survey of the distributive trades failed to give a noticeable fillip to leading Retailers. With the exception of Habitat Mothercare, another 2 to the good at 444p, most issues gave modest ground. W. H. Smith A eased a couple of pence to 238p after revealing preliminary profits in line with market expectations. Secondary stores also had little to commend them. Profit-taking clipped 10 more from Owen Owen at 375p, but renewed demand in a thin market lifted Body Shop 15 to 780p. Moss Bros, on the other hand, dipped to 455p before settling 15 cheaper on balance at 470p following the Greater London Council's rejection of the planned redevelopment of the company's Covent Garden headquarters.

Electrical majors displayed modest gains in subdued trading. Plessey, still hoping for favourable news regarding defence systems contracts, touched 154p before settling 2 dearer on balance at 152p. Racal also put on a couple of pence, to 160p, while late support lifted Thorn EMI 5 to 367p. Sound Diffusion, again the subject of "call" option activity, advanced 8 to 52p, after 54p, reflecting recovery prospects. Revived bid speculation lifted Logica 7 more to 187p, after 189p, while similar gains were seen for Telephone Rentals, 203p, and Wholesale Fittings, 265p. Amstrad rallied 6 to 90p following the favourable reception afforded its new business computer. Greenwich Cable Communications, sharply lower on Tuesday after news of substantial reductions in staff and programming, staged a small recovery to finish 2½ up at 14½p.

Engineerings were one of the market's best performing sectors and displayed numerous firm features. Vosper resumed its recent upsurge and closed 25 higher at 210p still reflecting Government compensation hopes and talk of an imminent bid. Delta Group added 6 at 151p and Simon Engineering put on 8 at 228p; both companies are due to report half-year figures during September. Vickers improved 7 to 289p and GKN edged up 3 to 230p while Porter Chadburn, in which GM Firth holds a near-50 per cent stake, added 10 more at 158p; the latter rose 3½ to 52p. Telfos spurted 14 to 76p following the good interim figures and proposed one-for-five scrip issue.

Consumer spending optimism stimulated demand for Food issues and the sector displayed widespread moderate gains. United Biscuits and Unigate both rose 6 to 181p and 189p respectively. Buyers came in for Ranks Hovis McDougall, up 3 at 147p, while Bejam continued to reflect takeover speculation with a similar gain at 186p. Argyll moved up 6 to 328p and Dee Corporation 4 to a 1985 peak of 277p. Elsewhere, Nichols (Vimto) rose 10 to 230p in reply to the good interim results, but Glass Glover shed 12 to 252p on thoughts that the recent poor weather could affect the company's profits.

British Aerospace were the prominent feature in miscellaneous industrials; the "old" shares attracted a lively two-way business from the outset and touched 381p before reacting late to close just 3 dearer on balance at 375p. The new partly-paid shares also attracted considerable attention and settled 10 higher at 202p; the call on the partly-paid shares is due on September 9, but the company is expected to reveal its interim results before that, on August 30. Elsewhere, BOC were a firm market at 289p, up 5, and BTR improved the same amount to 358p. Hawley firmed 3 to 80p following better-than-expected half-year results, but Keen and Scott fell 3 to 33p on disappointment with the interim statement. USM-quoted Parkfield gained 11 to 136p on persistent speculative buying, while late demand lifted pawnbrokers Harvey and Thompson 8 to 130p.

Package holiday groups Horizon and Intasun displayed contrasting movements. The former encountered nervous offerings awaiting today's interim results and shed 6 to 111p, but the latter were supported on talk that the company had figured prominently in the late rush for overseas holidays and rose 11 to 138p.

The Monopolies Commission's clearance of United Newspapers' intimated bid for Fleet Holdings, while not entirely unexpected, still stimulated a lively two-way business in the latter. Up to 335p in immediate response to the announcement, Fleet thereafter eased steadily to 318p as United appeared to suggest that any offer would be pitched below the prevailing market price; speculative buyers re-entered at this level, however, encouraged by indications that Fleet will set up a resolute defence to a takeover attempt and the close was 15 higher on balance at 341p. United, which currently holds just over 20 per cent of Fleet, eased 5 to 300p, after 298p.

Among Properties, Rush and Tompkins rose 6 to 238p on news that Border and Southern Stockholder Trust had increased its stake in the company to 10.94 per cent. Property Trust hardened ½ to 10p Messrs Baddrudin and Azim Virani have acquired a 10 per cent stake for 10p per share from London Securities and have an option to acquire a further 19.9 per cent.

Selected Textiles made useful progress. Allied Textile rose 20 for a three-day advance of 45 to 415p reflecting hopes of a bid from a third party; Allied recently repelled an offer from London and Midland Industrials.

Oils advance

Leading Oils took their cue from Wall Street and made good progress during the morning session. A brief flurry of profit-taking was easily absorbed around mid-day and quotations resumed their upward path thereafter. Shell were especially favoured by American operators and advanced steadily to close 12 to the good at 685p. BP, scheduled to report interim results a week today, were finally 8 firmer at 548p, while gains of a few pence were common to Britoil, 210p, and Ultramar, 216p. The second-liners provided an outstanding feature in Berkeley Exploration which jumped 10 to 89p on bid rumours. Clyde Petroleum, also the subject of takeover speculation, rose 5 to 88p.

Business in South African sectors of mining markets contracted to minimal levels as dealers became increasingly nervous over the possibility of an all-out strike by black mineworkers employed by the Republic's gold and coal mines. The threatened strike, over pay and conditions, is scheduled to commence over the weekend and dealers were reluctant to accommodate any sizeable buying or selling orders. Matters were not helped by a further sharp decline in the Rand rate following rumours that a major policy speech by President Botha will be made on Friday.

Little interest was shown in the leading Golds which tended to mark time in the wake of another sedate performance by the bullion price.

One or two firm spots developed despite the strike threat—Driefontein attracted renewed buying interest from a number of Swiss operators and moved up ¾ to £14¾ and Randfontein added a point at £59½—but most showed minor movements in either direction. The Gold Mines index mirrored the overall uncertainty in the sector, edging up 0.5 to 322.8.

The lower Rand and further consideration of the interim results prompted renewed selling of De Beers which dipped 10 to 337p.

UK-domiciled Financials were persistently bought in the morning session before settling below the day's levels reflecting profit-taking. RTZ followed Tuesday's 18 gain with a further 10 improvement at 585p while Consolidated Gold Fields moved up 7 more to 442p, after 445p. Hampton Areas hardened a couple of pence to 152p.

Australians moved in a narrow range and generally showed minor falls across the board reflecting lack of interest after the negative Federal Budget announced on Tuesday.

Business in Traded Options continued to expand albeit in relatively subdued fashion. Total contracts done amounted to 8,543—3,664 calls and 4,879 puts. British Aerospace attracted a lively trade with 598 calls transacted; the interim figures are expected shortly.

FINANCIAL TIMES STOCK INDICES

	Aug. 21	Aug. 20	Aug. 19	Aug. 16	Aug. 15	Aug. 14	year ago
Government Secs	83.46	83.35	83.60	83.70	83.70	83.56	80.17
Fixed Interest	88.67	88.64	88.69	88.66	88.64	88.55	83.45
Ordinary ♥	988.2	982.2	978.1	974.7	976.7	966.0	841.5
Gold Mines	322.8	322.3	317.4	309.3	330.5	629.6	570.2
Ord. Div. Yield	4.77	4.80	4.84	4.85	4.88	4.85	4.88
Earnings, Yld. %(full)	11.75	11.81	11.88	11.89	11.86	11.95	11.49
P/E Ratio (net) (*)	10.60	10.44	10.34	10.38	10.40	10.38	10.46
Total bargains (Est.)	21,989	21,038	20,494	22,141	20,811	20,647	17,685
Equity turnover £m.	—	399.32	269.37	348.1	396.19	381.59	247.11
Equity bargains	—	22,517	17,921	19,001	18,036	17,894	15,527
Shares traded (ml)	—	190.7	147.8	164.0	204.5	189.3	132.8

♥ 10 am 983.8. 11 am 986.1. Noon 987.3. 1 pm 986.2. 2 pm 986.9. 3 pm 987.2. 4 pm 987.7.

Day's High 988.4. Day's Low 983.2.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928 Ordinary 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

* Nil=10.11.

HIGHS AND LOWS

—	1985 High	1985 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	83.87 (30/7)	78.02 (25/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	88.74 (30/7)	82.17 (25/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1024.5 (22/1)	911.0 (25/7)	1024.0 (22/1/85)	49.4 (26/6/40)
Gold Mines	536.2 (15/4)	298.1 (8/8)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY INDICES

	Aug. 20	Aug. 19
Daily Gilt Edged Bargains	127.8	127.1
Equities Bargains	148.0	116.4
Equities Value	807.1	644.5
5 day Average Gilt Edged Bargains	134.6	134.7
Equities Bargains	126.0	121.7
Equities Value	725.0	702.1

NEW HIGHS AND LOWS FOR 1985

NEW HIGHS (64)

BRITISH FUNDS (8)
Treas 8½pc 84/86 — Treas 3pc 1987
Exch 2½pc 1986 — Treas 7¾pc 84/86
Exch 2½pc 1987 — Treas 3pc 1989
Funding 11½pc 85/87 — Treas 3pc 1990

CANADIANS (1)
Echo Bay Mines

BANKS (1)
English Association

BREWERS (1)
Fuller Smith Turner A

BUILDINGS (1)
Barratt Develop

CHEMICALS (1)
Akzo NV

STORES (6)
Brown (N.) — Habitat-Mothercare
Dixons Group — Do 9½pcCnv 98/01
Grattan — Vantona-Viyella

ELECTRICALS (1)
Oxford Instruments

ENGINEERING (3)
Adwest — Telfos
Porter Chadburn

FOODS (9)
Bejam — Iceland Frozen
Cullen's — Matthews (B.)
Dee Corp — Northern Foods
Fitch Lovell — Unigate
Greggs

INDUSTRIALS (11)
Assoc Brit Eng 8pcPf — Rank Org
Assoc Heat Services — Rock
Bestwood — Shiloh
Harvey Thompson — Spring Ram
Metal Box — Wolseley-Hughes
Office Electronic

INSURANCE (2)
GRE — London United

LEISURE (4)
Intasun Leisure — Do 7pcPf
Pleasurama — TVS N/V

MOTORS (1)
Caffyns

NEWSPAPERS (2)
Assoc Book Pub — Fleet Hldgs

PAPER (3)
Ferry Pickering — Trade Promotions
Fitch Co

PROPERTY (5)
Beazer (C. H.) — McInerney
Evans of Leeds — Town Ests 7½pc 2014
Gable House Prop

TEXTILES (1)
Nottingham Manu

TRUSTS (2)
Cystic Fibrosis — Precious Metals Tst

MINES (1)
Western Continental

NEW LOWS (16)

BANKS (1)
First Pacific Hldgs

STORES (1)
Bedford (Wm.)

ELECTRICALS (1)
Choong's

FOODS (2)
Avana — Glass Glover

INDUSTRIALS (1)
Emhart

LEISURE (2)
Campari Intl — Piccadilly Radio

SOUTH AFRICANS (3)
Anglo American Ind — SASOL
Gold Fields Prop

TRUSTS (3)
Martin Currie Pac — Yelverton Invs
Winterbottom En

MINES (2)
Transvaal Cons Land — MIM Hldgs

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price p	+ or -	Net Div.	Times covered	Gross Yield	P/E Ratio
[illegible]											

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price £	+ or -
[illegible]							

RIGHTS OFFERS

Issue price p	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price p	+ or -
[illegible]							
120	F.P.	30/8	145	123	Prestwich	143	.....
400	F.P.	20/9	537	465	Sleba	537	+28
425	Nil	20/9	80pm	20pm	TACE 10p	80pm	—5
250	Nil	23/9	50pm	35pm	Thermal Scientific	45pm	—

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimates. g Assumed dividend and yield. u Forecast dividend cover based on previous year's earnings. r Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ‖‖ Allotment letters or fully paid. ‡‡ Introduction. ✱ Unlisted Securities Market. § Placing price. ‡‡ Dealt in under Rule 535 (3). ♥ Dealt in under Rule 535 (4) (a).

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Aug 19	Sept 6	Nov 21	Dec 2
Sept 9	Sept 20	Dec 5	Dec 16
Sept 23	Oct 4	Dec 19	Dec 30

For rate indications see end of Share Information Service

Moderate activity was reported in Options. Calls were taken out in Plessey, Pavion International, Strong and Fisher, STC, Sound Diffusion, Hawley, Tricentrol, Bejam, Energy Capital, Pavilion Leisure, Premier Oil, Albert Fisher, Polly Peck, Dupont, BSG International and Attwoods. A put was done in J. Hepworth. No doubles were transacted.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	84	12	11
Corpns. Dom. and Foreign Bonds	2	7	69
Industrials	340	185	948
Financial and Props.	140	61	381
Oils	38	18	70
Plantations	0	1	17
Mines	48	82	71
Others	105	34	100
Totals	753	371	1,642

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Wed Aug 21 1985 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 30%)	Est. P/E Ratio (Net)	xd adj. 1985 to date	Tue Aug 20 Index No.	Mon Aug 19 Index No.	Fri Aug 16 Index No.	Year ago (approx.) Index No.
1 CAPITAL GOODS (206)	536.32	+0.7	10.54	4.14	11.96	10.52	532.83	526.88	528.14	505.88
2 Building Materials (22)	559.30	+0.1	11.79	4.74	10.51	11.92	558.66	554.47	557.85	462.36
3 Contracting, Construction (29)	834.87	+0.2	11.95	4.96	10.79	17.54	832.20	832.79	837.04	686.23
4 Electricals (14)	1414.50	+1.1	11.31	5.23	11.21	33.14	1399.28	1395.78	1383.55	1599.92
5 Electronics (38)	1460.30	+0.4	10.42	3.09	12.66	27.30	1454.13	1439.07	1496.88	1801.51
6 Mechanical Engineering (62)	296.39	+1.2	10.98	4.71	11.13	6.15	292.95	289.05	288.88	249.23
8 Metals and Metal Forming (7)	208.22	+1.4	12.04	7.54	10.45	4.13	205.28	201.15	200.72	184.72
9 Motors (16)	166.66	+0.6	13.32	5.11	9.29	3.55	165.73	164.07	164.64	121.53
10 Other Industrial Materials (18)	953.20	+1.1	7.32	3.52	16.52	15.81	943.15	924.40	933.61	682.64
21 CONSUMER GROUP (176)	679.76	+0.4	9.42	3.85	13.24	12.36	677.15	671.93	672.41	515.47
22 Brewers and Distillers (24)	660.38	—	10.71	4.41	11.81	13.81	660.14	652.07	652.58	517.14
25 Food Manufacturing (21)	494.38	+1.1	12.00	4.93	10.71	13.09	489.04	487.16	485.86	390.95
26 Food Retailing (14)	1633.99	+1.1	5.62	2.55	23.66	16.93	1615.61	1609.19	1604.87	1201.43
27 Health and Household Products (9)	1076.81	+0.8	6.29	2.76	18.48	11.95	1068.16	1054.93	1059.85	882.05
29 Leisure (22)	666.48	+0.9	8.46	4.92	15.47	20.79	660.60	658.15	658.57	576.31
32 Newspapers, Publishing (12)	1846.39	+0.7	8.35	4.20	15.41	37.91	1834.42	1832.19	1788.10	1290.21
33 Packaging and Paper (14)	360.66	-1.2	9.82	4.10	12.08	6.20	364.90	364.18	363.37	246.98
34 Stores (41)	680.86	-0.1	7.34	3.11	18.55	9.53	681.61	676.62	680.20	436.50
35 Textiles (16)	327.72	+0.7	13.34	5.01	8.50	7.97	325.58	322.62	321.78	268.87
36 Tobaccos (3)	791.84	-0.3	18.66	5.43	6.07	18.71	794.14	786.80	786.50	686.07
41 OTHER GROUPS (101)	687.83	+0.3	9.22	4.11	14.03	14.13	685.53	682.50	682.09	459.12
42 Chemicals (19)	674.88	+0.8	14.55	5.62	9.09	24.95	669.69	662.35	662.68	608.11
44 Office Equipment (4)	207.01	+1.5	7.72	4.25	15.45	3.64	203.94	203.73	202.97	140.84
45 Shipping and Transport (12)	1173.89	-0.3	8.15	4.44	15.23	25.71	1177.03	1168.89	1173.25	863.86
46 Miscellaneous (64)	846.99	+0.6	7.43	3.75	16.45	14.06	842.07	838.23	837.56	637.95
48 Telephone Networks (2)	892.31	—	8.33	3.64	16.01	14.38	892.31	891.10	889.90	0.0
49 INDUSTRIAL GROUP (483)	651.92	+0.4	9.64	3.99	13.09	12.58	649.07	644.09	644.59	509.39
51 Oils (17)	1153.82	+1.5	16.26	7.28	7.56	39.47	1136.67	1126.77	1133.12	1083.24
59 500 SHARE INDEX (500)	694.16	+0.6	10.50	4.42	11.95	14.68	690.18	684.79	685.75	557.49
61 FINANCIAL GROUP (115)	490.51	—	—	4.89	—	12.39	490.28	485.17	486.91	386.81
62 Banks (6)	490.59	+0.3	18.27	6.03	7.82	19.80	489.27	480.78	481.70	343.90
65 Insurance (Life) (9)	767.39	-0.3	—	4.23	—	14.71	769.37	768.70	770.58	539.15
66 Insurance (Composite) (7)	379.81	—	—	5.17	—	8.53	379.77	375.28	379.03	282.01
67 Insurance (Brokers) (7)	1136.12	+0.7	8.41	3.65	15.92	21.02	1127.89	1107.76	1112.13	854.43
68 Merchant Banks (11)	233.79	+0.7	—	4.76	—	4.92	232.14	231.08	230.30	203.76
69 Property (50)	659.24	-0.3	5.64	3.62	23.77	9.88	661.23	659.11	662.79	509.98
70 Other Financial (25)	279.92	—	10.10	5.90	12.08	8.14	279.75	274.70	273.72	246.67
71 Investment Trusts (106)	586.83	+0.2	—	3.65	—	10.05	585.46	584.58	584.80	511.62
81 Mining Finance (3)	263.04	+1.7	12.34	5.82	9.40	5.36	258.67	249.68	250.08	273.70
91 Overseas Traders (14)	598.79	-0.1	12.55	6.64	9.55	23.06	599.42	595.08	595.71	567.96
99 ALL-SHARE INDEX (738)	635.21	+0.5	—	4.49	—	13.81	632.16	626.94	628.08	513.91

	Index No.	Day's Change	Day's High	Day's Low	Aug 20	Aug 19	Aug 16	Aug 15	Aug 14	Year ago
FT-SE 100 SHARE INDEX	1313.9	+6.8	1314.2	1307.7	1307.1	1294.9	1299.1	1302.2	1293.1	1090.2

FIXED INTEREST

PRICE INDICES	Wed Aug 21	Day's change %	Tue Aug 20	xd adj. today	xd adj. 1985 to date
British Government					
1 5 years	119.74	+0.12	119.60	—	7.08
2 5-15 years	132.50	+0.21	132.23	—	9.11
3 Over 15 years	137.49	+0.19	137.22	—	9.21
4 Irredeemables	152.12	+0.27	151.71	—	7.27
5 All stocks	130.68	+0.18	130.37	—	8.46
6 Debentures & Loans	112.41	-0.33	112.78	—	6.91
7 Preference	79.84	—	79.84	—	4.68
BRITISH GOVERNMENT INDEX-LINKED STOCKS					
8 All stocks	110.86	-0.33	111.22	—	2.37

AVERAGE GROSS REDEMPTION YIELDS		Wed Aug 21	Tue Aug 20	Year ago (approx.)
British Government				
1 Low	5 years	9.99	10.03	11.06
2 Coupons	15 years	10.18	10.20	10.65
3	25 years	10.18	10.21	10.18
4 Medium	5 years	10.75	10.79	11.75
5 Coupons	15 years	10.55	10.58	11.05
6	25 years	10.18	10.21	10.40
7 High	5 years	[illegible]	[illegible]	[illegible]
8 Coupons	15 years	[illegible]	[illegible]	[illegible]
9	25 years	[illegible]	[illegible]	[illegible]
10 Irredeemables		[illegible]	[illegible]	[illegible]
11 Debs & Loans	5 years	11.56	11.49	12.44
12	15 years	11.42	11.36	12.28
13	25 years	11.27	11.23	12.12
14 Preference		12.28	12.28	13.06
15 Inflation rate 5%		3.58	3.55	3.76
16 Inflation rate 10%		3.38	3.35	3.56

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

YESTERDAY'S ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
British Aerospace	375	+ 3
British Telecom	197	—
Burmah Oil	282	+ 2
Fleet Holdings	341	+15
GKN	230	+ 3
Hawley Group	80	+ 3
IMI	108	+ 4
Oxford Instruments	308	+ 8
Pearl Assurance	£11½	— ½
Shell Transport	685	+12
TI	376	— 8
Ultramar	216	+ 3

TUESDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Tues. close	Day's change
Logica	25	180	+30
Bell (A.)	18	265	+ 8
ICI	15	656	+ 5
Jhnsn Matthey	14	118	+ 6
Racal Electc	14	158	—
Grand Met	13	320	+ 6
Midland Bank	13	389	+ 7
Royal Insce	13	675	+ 7
Std Chartered	13	472	+20
Ultramar	13	215	+ 8
Glaxo	12	£12⅞	—
RTZ	12	575	+18

EUROPEAN OPTIONS EXCHANGE

Series		Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	May Vol.	May Last	Stock
GOLD C	$330	6	26	—	—	—	—	$338.60
GOLD C	$340	61	14	37	22.50	—	—	"
GOLD C	$360	812	6.80	—	—	—	—	"
GOLD P	$330	10	4.60	—	—	30	9	"
[illegible]								

TOTAL VOLUME IN CONTRACTS: 31,402

A=Ask B=Bid C=Call P=Put

LONDON TRADED OPTIONS

Option		Calls Oct.	Calls Jan.	Calls Apr.	Puts Oct.	Puts Jan.	Puts Apr.
B.P. (*546)	460	95	—	—	2	—	—
	500	60	73	80	7	12	10
	550	19	36	43	20	28	35
	600	5	14	—	68	65	—
[illegible]							

Option		Calls Aug.	Calls Nov.	Calls Feb.	Puts Aug.	Puts Nov.	Puts Feb.
Lonrho (*156)	140	17	23	27	1½	2	4
	150	1½	10	10	8	2	11
	160	1	6½	7	25	26	27
[illegible]							

Aug. 20 Total Contracts 8,543. Calls 3,664. Puts 4,879.

* Underlying security price

WORLD STOCK MARKETS

AUSTRIA

Aug. 21	Price Sch%	+ or −
Creditanstalt	385	+7
Goesser	509	+9
Interunfall	1,740	+40
Laenderbank	570	+5
Perlmooser	590	+32
Steyr-Daimler	177	
Veitscher Mag	055	+10

BELGIUM/LUXEMBOURG

Aug. 21	Price Frs.	+ or −
B.B.L.	1,980	−80
Banq. Gen Lux	7,000	+50
Banq. Int. A. Lux	0,070	+50
Bekaert B	5,410	−50
Ciment CBR	2,448	−35
Cockerill	211	−1
Delhaize	7,800	+50
EBES	2,885	+25
Electrobel	8,700	+200
Fabrique Nat	1,225	−0
GB Inno BM	3,625	
GBL (Brux)	1,935	+10
Gevaert	0,900	
Hoboken	5,570	+70
Intercom	6,200	+5
Kredietbank	8,850	−50
Pan Hldgs.	10,050	+1000
Petrofina	5,650	−20
Royale Belge	19,650	
Soc. Gen. Banq	3,460	+50
Soc. Gen. Belge	1,775	−20
Sofina	7,420	−80
Solvay	4,660	+90
Stanwick Intl.	1,300	
Traction el	5,790	+30
UCB	5,020	+20
Wagon Lits	0,150	+50

DENMARK

Aug. 91	Price Knr %	+ or −
Andelsbanken	533	
Baltic Skand	780	
CopHandelsbank	317	
D. Sukkerfab	620	−5
Danske Bank	361	−5
De Danske Luft	1,285	
East Asiatic	274	−1
Forenede Brygg	940	−5
Forenede Damp	184	+6
GNT Hldg	495	−0
I.S.S.B.	050	
Jyske Bank	750	
Novo Ind s	1,345	−10
Privatbanken	325	−6
Provinsbanken	398	
Smidth (F.L) B	686	−1
Sophus Berend	975	+40
Superfos	388	

FRANCE

Aug. 21	Price Frs.	+ or −
Emprunt 4½% 1975	1,682	+0
Emprunt 7% 1973	8,460	−10
Accor	257.5	+2.3
Air Liquide	070	−3
BIC	495	+9.9
Bongrain	1,740	
Bouygues	799	+9
BSN Gervais	2,160	−9
CIT-Alcatel	1,190	−14
Carrefour	2,890	
Club Mediter'n	018	+8
Cie Bancaire	029	+1
Cofimeg	269	+2
Damart	1,905	
Darty	1,420	+6
Dumez S.A.	919	+8
Eaux (Cie Gen)	015	+4
Elf-Aquitane	199	+6.5
Essilor	2,195	+10
Gen.Occidentale	712	
Imetal	86.8	+0.2
Lafarge Coppee	533	+12
L'Oreal	8,240	+5
Legrand	2,067	+19
Maisons Phenix	178	−3.1
Matra S.A.	1,685	
Michelin B	1,120	+9
Midi (Cie)	2,275	+5
Moet-Hennessy	1,820	+10
Moulinex	81	−0.9
Nord Est	93.9	+0.4
Pernod Rica	698	+7
Perrier	484	+4
Petroles Fra	228	+1
Peugeot S.A	379	+10.5
Printempts Au	275	−1.5
Radiotech	392.9	+8.8
Redoute	1,602	+37
Roussel-Uclaf	1,450	−44
Sofimeg	348	+1
SkisRossignol	1,376	+5
Telemec Elect	2,606	+10
Thomson CSF	548	+11
Valeo	221	−1.5

GERMANY

Aug. 21	Price Dm.	+ or −
AEG-Telef	181.1	−0.4
Allianz Vers	1,375	+14
BASF	224.2	+1.2
Bayer	285	+0.8
Bayer-Hypo	507	
Bayer-Verein	385	−6
BHF-Bank	317.0	+1.5
BMW	432	+11
Brown Boveri	227	+1.5
Commerzbank	205.5	+0.6
Cont'l. Gummi	147.8	+6.8
Daimler-Benz.	890	+3
Degussa	065	−2
D'sche Babcock	159	+1.5
Deutsche Bank	059.5	+6.5
Dresdner Bank	270	+2
GHH	172	+0.8
Hochtief	700	
Hoechst	216.5	−2
Hoesch Werke	112.5	+1.5
Holzmann (P)	440.5xd	−7.0
Horten	167.5	+1.5
Hussel	344.8	+3.8
Karstadt	258	+7
Kaufhof	277.0	+2.5
KHD	277.5	+3
Kloeckner	66	+6.5
Linde	587.5xr	+10
Lufthansa	623.5	+1
MAN	103	+2.5
Mannesmann	192.5	+8
Mercedes Hld	808.5	+4.5
Metallgesell	264.5	+6.5
Muench Rueck	1,740	+30
Nixdorf	537.5	+0.5
Porsche	1,268	+5
Preussag	272	−2
Rhein West Elect	188	+0.2
Rosenthal	252	
Schering	462	
Siemens	542	+10
Thyssen	122	+0.8
Varta	618	+1
Veba	235	
V.E.W.	146	+1.5
Verein-West	332	
Volkswagen	314.8	+1.6

ITALY

Aug. 91	Price Lira	+ or −
Banco Com'le	24,100	+610
Bastogi-IRBS	243	+0.8
B.I-Invest	5,500	
Centrale	3,340	
Credito Varesino	4,600	
Fiat	4,090	−20
Finsider		
Generali Assicur.	56,000	−200
Italcementi	45,500	
La Rinascente	863	
Montedison	8,180	+22
Olivetti	6,395	
Pirelli Co	6,250	
Pirelli Spa	2,970	−56
Saipem	6,100	
Snia BPD	3,324	+34
Toro Assic	17,400	
do Pref	13,300	

NETHERLANDS

Aug. 21	Price Fls	+ or −
ACF Holding	246	−9.8
AEGON	100.2	−0.4
Ahold	241.5	
AKZO	124.3	+0.3
ABN	509xr	+0.5
AMEV	278	+2
AMRO	87.8	−0.5
Bredero Cert	177	+5
Bos Kalis Westm.	18.4	+0.4
Buehrmann-Tet.	110	+3.0
Caland Hldgs.	37.5	
Dordtsche Pet'm	173	+1.5
Elsevier-NDU	131.5	+0.2
Fokker	79.2	−2.8
Gist Brocades	218	+6
Heineken	149.5	−1.1
Hoogovens	62	−0.8
Int Mueller	62	+1.8
KLM	50.0	+0.5
Naarden	50.5	+1.1
Nat Ned Cert	77.7	−0.4
Ned Mid Bank	211	−5.8
Nedlloyd	175.5	−1.5
Oce Grinten	397	
Ommeren (Van)	29	−0.1
Pakhoed	67.1	−0.3
Philips	46.5	−0.2
Robeco	75.5	+0.4
Rodamco	132.8	+0.3
Rolinco	68.9	+0.6
Rorento	46.5	−0.3
Royal Dutch	189	+1
Unilever	328.5	−0.5
VMF Stork	245.3	
VNU	214.5	−0.5
Wessanen	175	+3
West Utr Bank	102	−0.2

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

NORWAY

Aug. 21	Price Kroner	+ or −
Bergens Bank	165	−0.5
Borregaard	422	+7
Christiania Bank	132.5	+0.2
DenNorske Cred	145	+0.5
Elkem	150	−1
Kosmos	225	−5
Kvaerner	170	+2.5
Norsk Data	360	−0
Norsk Hydro	180	+1.5
Storebrand	274	−1

SPAIN

Aug. 91	Price Pta%	+ or −
Bco Bilbao	555	
Bco Central	515	
Bco Exterior	201	
Bco Hispano	148	
Bco Popular	557	−3
Bco Santander	345	+1
Bco. Vizcaya	443	
Dragados	140	−0.2
Hidrola	79	
Iberduero	65.2	+0.5
Petroleos	129.5	+0.5
Telefonica	115.7	−0.5

SWEDEN

Aug. 21	Price Kronor	+ or −
AGA	115	+2
Alfa-Laval B	187	+2
ASEA (Free)	285	−8
Astra (Free)	405	
Atlas Copco	111	+4
Cardo (Free)	232	
Cellulosa	127	
Electrolux B	371	−5
Ericsson B	215	−4
Esselte	557	
Mo och Domsjo	168	+1
Pharmacia	188	+4
Saab Scania Free	405	
Sandvik	420	−5
Skandia	335	−5
Skan Enskilda	53	−0.5
SKF	215	+2
St Kopparbergs	150	+6
Sonesson	150	−2
Sven Handlesbn	171	
Swedish Match	186	
Volvo B (Free)	234	+4

SWITZERLAND

Aug. 61	Price Frs.	+ or −
Adia Intl	3,700	+100
Alusuisse	815	+0
Bank Leu	5,850	−25
Brown Boveri	1,720	+00
Ciba Geigy	5,340	+40
do. (Part Certs)	2,565	+30
Credit Suisse	3,050	+25
Elektrowatt	3,400	+50
Fischer (Geo.)	930	+50
Hoff-Roche PtCts	95,300	+1,000
Hoff-Roche 1/10	9,575	+165
Jacobs Suchard	6,740	+130
Jelmoli	3,840	+40
Landis & Gyr	1,290	+20
Nestle	7,100	+100
Oer-Buehrle	1,435	+5
Pirelli	552	+1
Sandoz (Br)	9,750	+50
Sandoz (PtCts)	1,380	+10
Schindler (PtCts)	900	−20
Sika	1,550	+10
Surveillance A	5,600	+150
Swissair	1,479	+12
Swiss Bank	481	+4
Swiss Reinsce	15,200	
Swiss Volksbk	1,780	+10
Union Bank	4,360	+80
Winterthur	4,660	+20
Zurich Ins	0,700	+25

AUSTRALIA

Aug. 21	Price Aust $.	+ or −
ANZ Group	5.04	
Alliance Oil Dev	1.01	−0.04
Ampol Pet	2.2	+0.1
Ashton	1.16	−0.01
Aust. Cons. Ind.	3.0	+0.2
Aust. Guarantee	3.78	−0.04
Aust. Nat. Inds	2.52	−0.65
APM	2.9	+0.05
Bell Group	2.1	+0.1
Bell Res	7.5	+0.1
Bond Corp Hldgs	1.65	−0.07
Boral	3.51	
Bougainville	1.86	−0.04
Brambles Inds	4.0	+0.02
Bridge Oil	2.58	−0.02
B.H. Prop	7.2	
CRA	0.78	−0.06
CSR	3.1	
CastlemaineTys	7.5	
Coles (G.J.)	4.06	
Comalco "A"	1.90	−0.02
Consolidated Pet	0.35	+0.02
Costain Aust	2.05	
Dunlop Olympic	2.5	−0.02
Elders IXL	3.15	−0.02
Energ Res	1.53	−0.06

AUSTRALIA (continued)

Aug. 21	Price Aust.$	+ or −
Gen. Prop. Trust	2.25	+0.01
Hordie (James)	3.92	−0.01
Hartogen Energy	2.95	+0.03
Herald W'yTimes	4.62	+0.02
ICI Aust	2.15	+0.51
Jimberlane F.P.	0.25	−0.02
Kia Ora Gold	0.16	−0.01
Lend Lease	0.88	
MIM	2.69	+0.01
Mayne Nickless	5.8	
Myer Emporium	5.57	+0.01
Nat. Aust. Bank	4.7	−0.05
News	8.9	
Nicholas Kiwi	2.0	
North Bkn Hill	2.45	+0.03
Oakbridge	1.25	
Pancontinental	2.1	−0.07
Pioneer Conc	2.06	+0.05
Poseidon	4.5	−0.1
Queensland Coal	1.72	
Reckitt & Colman	5.8	
Repco	1.35	+0.51
Santos	5.84	−0.06
Smith (Howard)	5.8	+0.26
Thos. Nationwide	8.2	−0.55
Tooth	5.75	
Vamgas	3.8	−0.01
Western Mining	4.14	−0.09
Westpac Bank	4.7	
Woodside Petrol	1.5	
Woolworths	5.42	−0.01
Wormald Intl	3.95	

HONG KONG

Aug. 91	Price H.K.$	+ or −
Bank East Asia	22.5	−0.4
Cheung Kong	18.5	−0.0
China Light	15.8	−0.3
Evergo	0.89	−0.01
Hang Seng Bank	45.65	−0.75
Henderson Land	2.10	
HK China Gas	10.0	−0.6
HK Electric	8.75	−0.35
HK Kowloon Wh.	7.0	−0.25
HK Land	6.25	−0.25
HK Shanghai Bk.	7.55	−0.1
HK Telephone	2.0	−0.25
Hutchison Wpa	28.4	−0.7
Intnl. City	0.95	−0.02
Jardine Math	12.7	−0.5
New World Dev	7.75	+0.9
Orient O'seas	9.0	
SHK Props	13.2	−0.5
Shell Elect	1.5	
Swire Pac A	20.4	−0.0
TV—B	7.4	−0.02
World Int. Hldgs.	3.25	−0.07

JAPAN

Aug. 91	Price Yen	+ or −
Ajinomoto	1,240	+90
Alps Electric	1,330	+10
Amada	750	−8
Asahi Chem	895	+10
Asahi Glass	815	−3
Bridgestone	550	+15
Canon	945	−10
Casio Comp	1,560	+00
Chugai Pharm	918	+3
Citizen	400	
Daiei	690	+20
Dai Nippon Ptg	1,080	+10
Daiwa House	830	−8
Ebara	465	
Eisai	1,380	−10
Fanuc	7,300	−60
Fuji Bank	1,580	−10
Fuji Film	1,980	+10
Fujisawa	890	−5
Fujitsu	906	+1
Green Cross	2,230	+10
Hasegawa	565	+25
Heiwa Real Est	827	+28
Hitachi	700	−1
Hitachi Credit	1,080	+10
Honda	1,410	
House Food	788	+22
Hoya	1,820	+30
Itoh (C)	436	+4
Ito-Yokado	2,790	+20
Iwatsu	910	+10
JACCS	346	−3
JAL	5,600	+100
Jusco	650	+10
Kajima	468	+3
Kao Soap	850	
Kashiyama	737	+17
Kirin	695	
Kokuyo	950	+10
Komatsu	540	+12
Konishiroku	696	+11
Kubota	359	−1
Kumagai	810	−3
Kyocera	5,680	+30
Maeda Const	944	+29
Makino Milling	860	−19
Makita	955	−10
Marubeni	385	+0
Marudai	685	
Marui	1,380	−50
MEI	1,300	−10
M'ta Elec Works	875	−0
M'bishi Bank	1,650	+50
M'bishi	633	−1
M'bishi Elect	360	+7
M'bishi Estate	918	+2

JAPAN (continued)

Aug. 01	Price Yen	+ or −
MHI	862	+8
Mitsui	427	+2
Mitsui Estate	862	+2
Mitsukoshi	699	+12
NGK Insulators	751	+0
Nihon Cement	344	−1
Nippon Denso	1,290	−10
Nippon Elect	949	+1
Nippon Express	505	+2
Nippon Gakki	1,220	+10
Nippon Kokan	154	−2
Nippon Oil	838	−0
Nippon Seiko	460	+4
Nippon Shimpan	680	−5
Nippon Steel	172	
Nippon Suisan	401	+13
NTV	9,950	−150
Nippon Yusen	316	−5
Nissan Motor	640	+10
Nisshin Flour	470	
Nisshin Steel	175	
Nomura	1,280	−10
Olympus	665	+15
Orient Leasing	2,550	
Pioneer	1,790	+10
Renown	766	−5
Ricoh	820	+8
Sankyo	1,140	
Sanyo Elect	400	−1
Sapporo	542	+27
Sekisui Prefab	879	−15
Seven-Eleven	8,400	+20
Sharp	815	−5
Shimadzu	690	+5
Shionogi	777	+1
Shiseido	1,140	+20
Sony	3,800	+50
Stanley	710	
S'tomo Bank	1,800	−20
S'tomo Elect	725	+2
S'tomo Marine	686	−1
S'tomo Metal	150	+1
Taihei Dengyo	500	
Taisei Corp	345	
Taisho Pharm	1,360	
Takeda	875	+19
TDK	4,200	+10
Teijin	483	+19
Teikoku	555	−1
Tokio Marine	895	+5
TBS	875	
Tokyo Elect Pwr	2,190	+20
Tokyo Gas	927	
Tokyo Sanyo	010	−5
Tokyo Style	1,130	
Tokyu Corp	021	+3
Toppan Print	799	−1
Toray	501	+3
Toshiba Elect	345	−1
TOTO	855	+5
Toyo Seikan	1,210	+30
Toyota Motor	1,160	−20
Victor	1,590	+50
Wacoal	750	+3
Yamaha	679	+10
Yamanouchi	3,210	
Yamazaki	871	+15
Yasuda Fire	555	−5
Yokogawa Bdge	711	−4

SINGAPORE

Aug. 91	Price $	+ or −
Boustead Hldgs	1.87	
Cold Storage	8.58	
DBS	4.93	−0.08
Genting	5.65	−0.05
Haw Par. Bros	2.14	+0.08
Hong Leong Fin	2.38	−0.05
Inchcape Bhd	2.80	+0.01
Keppel Shipyard	1.15	
Malay Banking	0.5	
Malay Utd. Ind	2.45	
Multi Purpose	0.88	−0.02
OCBC	8.0	
OUE	2.59	+0.02
Public Bank	1.4	−0.02
Sime Darby	1.79	−0.02
Singapore Press	5.65	+0.1
Straits Trdg.	3.12xc	−0.02
Tat Lee Bk	2.46	+0.01
UOB	3.64	

SOUTH AFRICA

Aug. 21	Price Rand	+ or −
Abercom	1.70	
AE&CI	6.20	
Allied Tech	62	
Anglo Am Coal	55	
Anglo Am Corp	30	+0.75
Anglo Am Gold	183	+8
Barclays Bank	17.75	
Barlow Rand	11,10	+0.30
Buffels	74	+1
CNA Gallo	6.20	
Currie Finance	3.90	+0.05
De Beers	11.80	+0.15
Driefontein	49.25	+2
FS Geduld	47.5	+0.5
Gold Fields SA	54	+1
Highveld Steel	5.10	
Nedbank	13.65	−0.10
OK Bazaars	12.25	
Protea Hldgs	2.20	
Rembrandt	41.5	
Rust Plat	17.90	+0.15
Safren	13.75	
Sage Hldgs	8.8	−0.1
SA Brews	7.55	+0.10
Smith (CG)	28.6	−0.25
Tongaat Hulett	6.6	
Unisec	0.00	

CANADA

TORONTO

Prices at 2.30pm August 21

Sales	Stock	High	Low	Close	Chng
[illegible]					

MONTREAL

Closing prices August 20

Sales	Stock	High	Low	Close	Chng
[illegible]					

Total Sales 2,563,949 shares

Indices

NEW YORK

	Aug 20	Aug. 19	Aug. 16	Aug. 15	Aug. 14	1985 High	1985 Low	Since Comp'n High	Since Comp'n Low
♦Industri'ls	1323.16	1312.59	1312.72	1317.75	1316.88	1359.54 (15/7)	1184.96 (8/1)	1359.54 (15/7/85)	41.22 (2/7/32)
Home Bnds	79.55	79.46	79.23	79.21	79.19	80.66 (16/7)	72.27 (20/8)	—	—
Transport	679.54	671.00	666.78	071.00	674.10	702.6 (17/7)	553.03 (4/1)	702.6 (17/7/85)	12.52 (8/7/32)
Utilities	158.70	157.83	157.21	157.20	156.19	168.91 (12/7)	146.54 (4/1)	168.91 (12/7/85)	10.5 (28/4/42)
TradingVol 000†	91,230	87,930	87,916	86,100	85,780	—	—	—	—

♦Day's High 1328.07 (1318.22) low 1311.83 (1307.57)

	Aug 10	Aug 9	Aug 2	year ago (approx)
Industrial div. yield %	4.68	4.66	4.83	4.76

STANDARD AND POORS

	Aug 21	Aug 20	Aug 19	Aug 16	Aug 15	Aug 14	1985 High	1985 Low	Since Compilation High	Since Compilation Low
Industrials	209.77*	209.82	207.88	208.80	208.83	209.29	215.83 (19/7)	128.24 (4/1)	915.83 (19/7/85)	3.52 (30/6/32)
Composite	188.75*	188.88	186.38	186.10	187.26	187.41	195.65 (17/7)	163.68 (4/1)	195.65 (17/7/85)	4.40 (1/6/32)

	Aug 7	July 31	July 24	Year Ago (Approx)
Ind div yield %	3.74	3.67	3.66	3.92
Ind. P/E Ratio	11.94	12.03	12.07	11.45
Long Gov Bond Yield	10.73	10.75	10.64	12.60

N.Y.S.E. ALL COMMON

Aug 21	Aug 20	Aug 19	Aug 16	1985 High	1985 Low
108.28*	108.82	108.18	107.81	113.40 (17/7)	94.60 (4/1)

RISES AND FALLS

	Aug 20	Aug 19	Aug 18
Issues traded	1,975	1,985	1,979
Rises	917	789	396
Falls	571	701	1,089
Unchanged	487	475	494

New York Active Stocks

	Stocks Traded	3.00p.m. Price	Change on Day		Stocks Traded	3.00p.m. Price	Change on Day
Char CK	3,388,200	15¾	− ¾	Mid-So Util	1,506,900	10⅞	+ ⅛
Pan Am	2,484,200	8¾	+ ⅛	Raden	1,285,700	46⅞	+ ⅛
TWA	2,078,100	22⅞	− ⅛	ATT	941,900	21⅞	unch
Ramada In	1,826,600	9	+ ⅛	United Tel	918,300	22¾	+ ⅛
Trans Intl	1,614,908	43¼	+ 2⅝	Massey-Fer	834,600	2¾	+ ¼

Advances 874 Declines 578

TORONTO

	Aug 21	Aug 20	Aug 19	Aug 16	1985 High	1985 Low
Metals & Minls	2,000.6*	2,069.6	2,000.1	2,073.7	2190.7 (13/2)	1896.0 (4/1)
Composite	2,703.5*	2,781.44	2,785.8	2,791.5	2884.6 (26/7)	2348.5 (8/1)
MONTREAL Portfolio	136.42*	135.23	135.88	136.11	139.33 (19/7)	117.88 (4/1)

* Indicates pre-close figure

	August 21	August 20	August 19	August 18	1985 High	1985 Low
AUSTRALIA						
All ord. (1/1/80)	956.6	956.8	954.2	958.2	956.9 (15/8)	715.3 (7/1)
Metals & Mins. (1/1/80)	542.9	548.1	549.5	549.7	583.8 (20/5)	382.5 (7/1)
AUSTRIA						
Credit Aktien (2/1/82)	151.68	100.52	88.11	88.03	155.73 (17/8)	85.21 (24/1)
BELGIUM						
Brussels SE (1/1/80)	2330.92	2331.88	2318.20	c	2331.88 (20/8)	2080.7 (18/1)
DENMARK						
Copenhagen SE (3/1/83)	g	218.88	215.15	e	217.86 (6/8)	158.44 (8/1)
FRANCE						
CAC General (31/12/82)	217.2	215.8	215.9	215.8	233.1 (31/5)	180.5 (3/1)
Ind Tendance (28/12/84)	123.8	122.8	122.8	123.8	130.4 (31/5)	100.1 (3/1)
GERMANY						
FAZ Aktien (31/12/58)	481.09	479.71	476.52	481.14	502.62 (5/7)	382.38 (3/1)
Commerzbank (1/12/53)	1418.5	1413.6	1404.1	1418.5	1488.2 (5/7)	1111.5 (3/1)
HONG KONG						
Hang Seng Bank (31/7/64)	1650.78	1692.74	1711.51	1700.37	1711.51 (19/8)	1220.74 (2/1)
ITALY						
Banca Comm. Ital. (1972)	384.99	366.28	357.84	352.81	366.28 (20/8)	228.58 (2/1)
JAPAN**						
Nikkei-Dow (16/5/49)	12704.81	12634.05	12640.05	12583.88	13040.10 (8/7)	11545.2 (5/1)
Tokyo SE New (4/1/68)	1018.66	1015.90	1016.80	1011.88	1055.91 (9/7)	918.93 (4/1)
NETHERLANDS						
ANP-CBS General (1970)	217.5	218.1	214.5	214.8	220.8 (8/7)	185.6 (3/1)
ANP-CBS Indust (1970)	182.9	180.5	189.7	188.8	192.9 (21/8)	147.8 (3/1)
NORWAY						
Oslo SE (4/1/83)	g	358.42	350.20	348.14	349.95 (5/8)	288.18 (2/1)
SINGAPORE						
Straits Times (1966)	756.87	754.88	758.79	758.29	852.85 (7/3)	717.95 (15/7)
SOUTH AFRICA						
JSE Gold (28/9/78)	s	979.9	883.9	945.5	1140.8 (15/4)	838.1 (11/2)
JSE Indust (28/9/78)	o	941.9	935.1	928.8	1036.8 (17/7)	767.1 (7/3)
SPAIN						
Madrid SE (28/12/84)	111.92	111.79	111.93	111.43	117.41 (4/2)	151.48 (2/1)
SWEDEN						
Jacobson & P (1/1/58)	1317.45	1312.21	1317.07	1326.76	1486.98 (11/2)	1285.32 (9/7)
SWITZERLAND						
Swiss Bank Cpn. (31/12/58)	470.7	465.4	461.5	461.8	470.7 (21/8)	386.7 (3/1)
WORLD						
Capital Intl. (1/1/70)	s	218.8	218.2	217.9	224.3 (17/7)	184.6 (4/1)

* Indicates pre-close figure ** Saturday August 10 Japan Nikkei Dow (c) TSE (c) Base values of all indices are 100 except Australia All Ordinary and Metals – 500 NYSE All Common – 50 Standard and Poors – 101 and Toronto Composite and Metals – 1000 Toronto indices based 1975 and Montreal Portfolio 4/1/83 † Excluding bonds ‡ 400 industrials § 400 industrials plus 40 Utilities Financials and 20 Transports c Closed u. Unavailable

LONDON

Chief price changes
(In pence unless otherwise indicated)

RISES		
Allied Tex	415	+20
Amstrad	90	+ 6
Berkeley Exp	88	+10
BAe+	202	+10
Caffyns	174	+ 8
Clyde Petrol	85	+ 5
Delta Group	151	+ 6
Distillers	307	+ 8
Fleet Hldgs	341	+15
Harvey & Thomp	130	+ 8
Hawker Siddeley	396	+ 8
Hogg Robinson	284	+ 7
Intasun Leis	138	+11
Parkfield	136	+11
Porter Chad	158	+10
Shell Trans	685	+12
Sound Diff	52	+ 8
Steel Burrill	384	+14
Telfos	76	+14
Unigate	189	+ 6
Utd Bisc	181	+ 6
Vosper	210	+25
FALLS		
Good Relat	208	− 9
Horizon	111	− 8
Moss Bros	470	−15
Pearl Assur	£11½	− ½
TI	378	− 8

+ Partly paid

OVER-THE-COUNTER

Nasdaq national market, 2.30pm prices

Continued from Page 33

Stock		Sales (Hnds)	High	Low	Last	Chng
[illegible]						

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
23¾	18	AAP	.56	2.7	14	145	21¼	20¾	21	−¼
17⅞	9¾	AGS			16	47	16¼	19	19¼	+¼
16½	9⅝	AMCA				1	11⅞	11⅞	11⅞	+⅛
21½	13	AMF	.25j		96	393	16⅛	13⅜	13⅜	
50¾	24⅞	AMR			8	2329	46½	48¾	49¼	+½
25⅞	23	ANR	pf2.97	11.		453	24	23⅝	24	+¼
14¼	7⅜	APL				4	9⅜	9⅜	9⅜	−⅛
61⅛	39¾	ASA	2	5.1		1987	40⅝	d38⅞	39⅛	−1¾
27	12½	AVX	.32	2.3	20	94	13¾	13½	13¾	
20⅛	17⅞	AZP	2.72	11.	7	1328	24⅞	24½	24⅝	−¼
60	36¾	AbtLab	1.40	2.5	16	2104	57	55⅛	57	+1½
25⅞	20	AccoWd	.50	2.2	17	148	22½	22⅜	22⅜	+⅛
24¾	12½	AcmeC	.49	2.7		15	14⅞	14⅜	14¾	+⅛
10½	7⅜	AcmeE	.32b	4.1	11	2	7⅞	7¾	7¾	
19	15½	AdaEx	1.92e	11.		81	17⅞	17½	17⅝	−⅛
20	12½	AdmMl	.32	1.9	7	31	17	16⅝	16¾	−⅛
19	8⅝	AdvSys	.53t	4.4	19	133	12	11⅝	12	+¼
41⅛	22⅛	AMD			17	2479	29	28⅝	28¾	−¼
12⅛	8⅛	Advest	.12	1.6	20	111	9⅜	9	9	−⅛
15⅝	9½	Aeroflex			12	62	14	13¾	13¾	−¼
49⅝	32⅝	AetnLf	2.64	5.7	16	2630	46	45¾	46	+⅛
57¼	52⅜	AetL	pf5.79e	10.		4	57	56⅝	57	
37⅜	18¼	Ahmns	1.20	3.6	8	709	32	31½	32	+⅜
3⅝	2½	Aileen				28	3¼	2⅞	3¼	+⅛
57	42	AirPrd	1.20	2.2	12	473	50¼	54⅝	54⅝	−⅜
24⅝	15	AirbFrt	.60	3.8	12	29	21⅞	21⅛	21¾	
2⅛	1	AlMoa	s.10e	4.7		438	2⅛	2	2⅛	
33⅜	27¼	AlaP	pfA3.92	12.		19	31⅜	31	31⅜	
6⅛	9¼	AlaP	dpf.67	11.		6	6⅛	6	6	
92	63½	AlaP	pf 9	11.		z50	1079	78¾	79	+1
74	58½	AlaP	pf 8.16	11.		z100	71⅝	71⅜	71¾	+¼
75	57	AlaP	pf 8.28	12.		z300	72	71	71	−1
16⅛	11⅝	Alagsc	1.04	7.3	18	182	14⅜	14¼	14¼	+⅛
26⅝	11½	AlskAir	.16	.6	19	422	26	25½	25½	−⅜
24⅞	11¼	Albrto	s .30	1.8	19	66	24½	24⅜	24½	+⅛
33¼	26⅜	Albtsns	.76	2.7	11	179	28¼	28	28	−⅛
31¼	23¼	Alcan	1.20	4.4	28	1764	27⅜	27	27¼	
38⅞	27⅛	AlcoStd	1.20	3.4	12	284	35¾	35⅜	35⅜	−⅛
32	20¼	AlexAlx	1	3.7		1487	27¼	26⅝	27⅛	+⅜
25½	20⅜	Alexdr			23	36	24⅝	24	24½	+⅛
89½	72¼	AllgCp	1.54t	2.0		8	76⅝	76¼	76⅝	+⅜
28¾	20¼	Algint	1.40	6.7		91	20⅞	20¾	20¾	−⅛
20¾	18¼	Algin	pf2.19	12.		3	18¼	18⅛	18⅛	−¼
96	85	Algl	pfC11.25	12.		2	92	91⅞	91⅞	+⅛
34⅜	26¾	AllgPw	2.78	3.7	9	894	31	30¾	31	
23½	15¾	AllenG	.60b	2.7	15	23	22½	22⅜	22⅜	
48¾	32¼	AldCp	1.80	4.3	8	1738	42⅛	41⅜	42⅛	+⅛
65	57⅛	AldCp	pf6.74	10.		67	65	64⅞	65	
115¾	101¼	AldCp	pf 12	11.		18	112¾	112	112	−⅜
106¼	100¾	AldC	pf 11.57e	11.		511	104¼	104⅛	104⅛	
23⅛	15¾	AlldPd			12	8	18⅝	18⅝	18⅝	
60⅛	45⅜	AlldStr	2.12	6.6	8	186	56¾	56¼	56½	−¼
12⅞	4⅜	AllisCh				46	4⅞	4¾	4⅞	+¼
34⅞	24	AlisC	pf			25	30¼	29½	30¼	+¼
29¾	21⅞	ALLTL	1.84	6.7	9	66	28	27⅝	27⅝	−⅛
39⅞	29¾	Alcoa	1.20	3.4	31	1329	35⅜	34⅞	34⅞	−⅜
20¼	13⅜	Amax	.10j			380	15⅞	15⅜	15¾	
34	22¾	AmHes	1.18	4.9	22	2291	27⅞	27½	27⅝	
2¼	1⅛	AmAgr				33	1¾	1⅝	1¾	−⅛
21½	16	ABakr			8	65	20¾	20½	20⅝	−⅛
70	56⅝	ABrand	3.90	6.5	9	509	60⅛	59¾	60⅛	+⅜
38½	25¼	ABrd	pf2.75	9.2		690	29¾	29⅝	29¾	−⅛
70⅝	59¼	ABrd	pf2.67	4.4		4	60⅝	60⅜	60⅜	+⅛
115⅞	50½	ABdcst	1.60	1.4	17	750	115	114¾	114⅞	+⅛
30⅛	18½	ABldM	.86	3.1	15	24	28¼	27¾	27¾	−¼
28½	20½	ABusPr	.64	2.4	14	2	26⅝	26⅝	26⅝	+¼
38⅛	45½	AmCan	2.90	5.0	11	381	58⅝	58	58½	+⅛
25¼	22	ACan	pf2.80	11.		1	25⅛	25⅛	25⅛	
52⅞	40¾	ACan	pf 3	5.8		9	51¾	51¾	51¾	+⅜
114¼	103	ACan	pf13.75	12.		1	114	114	114	+⅜
20⅛	17⅛	ACapBd	2.20	11.		40	20½	20¼	20½	+½
30⅞	25⅛	ACapCv	2.51s	8.2		38	27¼	27	27	−¼
11	6½	AContlC			172	8	7⅛	6⅞	6⅞	−⅛
57	44½	ACyan	1.90	6.4	15	3902	u57⅜	55⅝	56	−1
27¼	18¾	ADT	.92	5.8	23	171	24¼	24⅛	24⅛	−⅛
24⅞	17⅞	AElPw	2.26a	10.	8	1375	22	21⅝	21⅞	+¼
49⅝	31⅛	AmExp	1.28	3.0	15	3808	42⅞	42⅛	42¾	+½
25⅜	12½	AFamI	s.48	2.1	14	640	23¼	22⅝	22¾	+¼

Continued on Page 33

NYSE COMPOSITE CLOSING PRICES

Continued from Page 32

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
55¼	44⅝	Penney2.36		4.8	9	1478	48⅝	47⅞	48⅝	+⅜
27⅞	22¼	PaPL	2.56	8.8	9	1806	26⅛	25¾	26	+⅛
40½	31	PaPL	pf4.50	12.		z10	38½	38½	38½	
29½	24⅛	PaPL	dpr3.42	12.		12	29	28½	29	
27½	21¼	PaPL	dpr2.90	11.		2	26¼	26¼	26¼	
72¾	58	PaPL	pr8.40	12.		z20	69¾	69¾	69¾	−⅜
28½	23½	PaPL	dpr3.25	12.		6	28½	28	28½	
31¼	25¾	PaPL	dpr3.75	12.		14	30⅞	30½	30⅞	+¼
70⅞	55	PaPL	pr 8	12.		z100	65½	65½	65½	−½
74½	59¼	PaPL	pr8.70	12.		z50	72½	72	72	−½
41½	34	Pennwlt	2.20	5.7	12	56	38⅞	38½	38⅞	
25⅜	20	Pennw	pf1.60	6.7		55	24⅜	24	24	
50	28⅞	Pennzoi2.20		4.8	20	1453	48	46¼	46	+11
91	72	Penz	pfB 8	0.1		z10	87½	87½	87½	−11
18⅞	10½	PeopEn1.20		7.3	7	175	16⅝	16¼	16⅜	
24⅝	14¼	PepBy s			18	411	22⅞	21⅞	22¾	+1
60½	39⅞	PepsiCo1.78		3.0	11	3212	59⅝	58½	59⅝	+11
30⅛	21⅝	PerkEl	.56	2.1	13	632	26¾	26¼	26¼	−½
9¾	7⅜	Prmian.83e		11.	8	188	8	7⅞	7⅞	−¼
23¾	15¼	PeryDr	.28	1.2	18	103	u24¼	23⅝	23¾	+¼
44	31	Petrie	1.40	3.8	14	250	37¼	36¾	36⅞	−⅜
28⅜	24⅜	PetRs	3.72e	14.		40	25⅞	25⅝	25⅞	
17	14	PetRs	pf1.57	8.3		22	16⅞	16½	16⅞	+⅜
6⅛	2¼	PtrInv	.95e	29.		61	3⅜	3¼	3¼	−⅛
53¾	33⅞	Pfizer	1.48	3.0	15	4885	49⅝	48⅞	49⅝	+¾
24	12⅞	PhelpD				2164	21⅝	21	21⅛	−⅜
55	34	Phelp	pr 5	8.5		55	52⅞	52¾	52¾	−⅛
46¾	28	PhibrS	.54	1.3	22	3086	41⅞	41	41¾	+¼
16⅝	11¼	PhilaEl2.20		14.	6	3838	15½	15	15⅜	+⅛
50	40¾	PhilE	pf 7	13.		z50	56	56	56	+1
67¼	52	PhilE	pf8.75	14.		z20	64½	64½	64½	
11½	9¼	PhilE	pf1.41	13.		86	11¼	10¾	10⅞	+⅛
10⅞	7⅞	PhilE	pf1.33	13.		145	10½	10⅛	10⅜	+⅜
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3⅞	2	Ronson				75	2¼	2⅛	2⅛	−⅛
18	15⅛	Roper	.64	4.7	15	23	13⅞	13⅝	13⅝	
37⅞	24	Rorer	1.12	3.3	16	327	34	33½	34	+⅛
13	7⅝	Rowan	.12	1.4	51	515	8⅝	8½	8⅝	
82⅜	40	RoylD	3.07e	5.0	7	2654	81	60⅝	81	+¾
17	9¾	Roylnl s			17	113	13⅞	13⅞	13⅞	
55¾	37½	Rubrmd.96		1.6	18	74	53⅛	52⅝	52⅞	−⅜
27⅛	27	Rubmdwi				1	26⅞	d26⅞	26⅞	−¼
20	14¾	RussBr			14	123	21½	21⅛	21¼	−⅛
20¾	15⅜	RusTog	.76	3.8	10	188	19⅞	18⅞	19⅞	
31¼	16	RyanH	1	3.7	11	144	27¼	27	27⅛	−⅛
30⅜	22	Ryder s	.80	2.1	12	950	29¼	20	29⅛	+⅛
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

AMEX COMPOSITE CLOSING PRICES

Stock	Div	P/E	Sls 100s	High	Low	Close	Change
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OVER-THE-COUNTER

Nasdaq national market, 2.30pm prices

Stock	Sales (Hds)	High	Low	Last	Chng
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 31

FINANCIAL TIMES

WORLD STOCK MARKETS

WALL STREET

Openings for arbitrage provide spur

IN THE ABSENCE of further data on the progress of the economy, Wall Street extended its technical rally yesterday, spurred on by opportunities for arbitraging between the major stocks and futures contracts on market indices, *writes Terry Byland in New York*.

Genuine investment interest remained moderate, although the institutions picked up some lines of technology stocks.

At the close the Dow Jones industrial average was up 5.83 at 1,329.53.

At midsession, the September contract on the Standard & Poor's 500 stock index was at a premium of two points to the index itself. Some investors pursued a policy favoured in recent weeks and bought major stock components of the index, while selling the futures contract.

Buying remained restricted to the market leaders, however, leaving the broader market languishing in the doldrums. Stocks lacked encouragement from the bond market, where prices shaded lower at midsession despite a further easing in short-term rates.

The rally in the stock market indicates a technical rebound as the market approached support levels in the Dow 1,310 area. Wall Street believes that, despite this week's upgrading of GNP estimates by the Commerce Department, the economy remains sluggish and that a cloud lies over prospects for corporate profits in the third quarter.

A gain in the Dow transformation average reflected a takeover-inspired jump in one of the index constituents. Transway International bounded ahead $8¼ to $42½ after Nortek announced plans to pay $40 a share for the stock.

Also back on the takeover scene was Pan Am, $½ up at $8¼, and heading the most active list. Speculators hinted that Texas Air, with its bid for TWA apparently thwarted by Mr Carl Icahn, might turn its attention to Pan Am. TWA at $22½ eased $¼, while Texas Air dipped $½ to 18½.

Revlon, the other major takeover talking-point, was busy again, edging up $½ to 46⅝, barely $1 short of Pantry Pride's offer, which the Revlon board continues to scorn.

Blue chips, which were the focus for the arbitraging between stocks and futures contracts on the indices, showed small gains. IBM at $128¼ added $⅜, General Motors $⅜ to 67⅞ and General Electric $⅝ to 61½.

Technology stocks, which led Monday's late upswing, continued to advance initially but soon ran out of steam. Digital Equipment, second to IBM data processing business, added $⅞ to $102⅝, while Data General at $38¼ was $1 up.

Elsewhere in the market, Hospital Corporation of America, a recent favourite with investors, fell $1⅞ to $45⅝ after a brokerage house cut its earnings forecasts for the company. Interco, the shoe and clothing manufacturer, gave np $¼ of a gain inspired by renewed speculation that a management buyout was in the offing to stand at $70.

The slackness in the market left some individual stocks to benefit from scraps of corporate news. Cray Research at $48⅞ gained $1¼ after announcing a major contract with Du Pont. Computer Sciences, which recently received a large order from the U.S. Government, was also strong, adding $1½ to $24½.

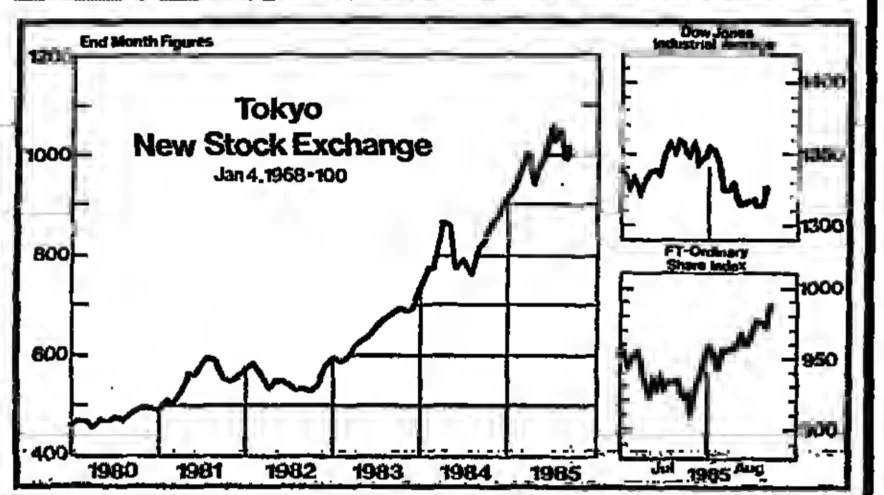
In the credit market, a dip in federal funds to 7½ per cent, followed by minor falls in other short-term and money market rates, inspired a firm opening in the bond market. But bonds soon lost support as the uncertainty over the outlook for rates reasserted itself.

While there was little sign of Federal Reserve intervention in the credit markets yesterday, this itself suggested that Wall Street had been correct in predicting that this week's meeting of the Fed's Open Market Committee would leave policies unchanged.

Mr Volcker's reminder, in a letter to the Senate, that he expects the economy to pick up in the second half of the year, strengthened the belief that the Fed will do nothing to stimulate the economy at this stage.

There is some nervousness ahead of this week's money supply announcement, which is likely to show that M1 remains above the Fed's monitoring ranges, but the market continued to suffer from a lack of retail demand rather than from selling pressure.

KEY MARKET MONITORS



STOCK MARKET INDICES

NEW YORK	Aug 21	Previous	Year ago
DJ Industrials	1,329.53	1,323.70	1,239.73
DJ Transport	696.04	679.54	526.95
DJ Utilities	159.42	158.70	130.39
S&P Composite	189.16	188.08	167.83
LONDON			
FT Ord	988.2	982.2	841.6
FT-SE 100	1,313.9	1,307.1	1,082.4
FT-A All-share	635.21	632.16	513.91
FT-A 500	694.18	690.18	557.49
FT Gold mines	322.8	322.3	570.2
FT-A Long gilt	10.29	10.30	10.30
TOKYO			
Nikkei-Dow	12,704.81	12,634.05	10,486.0
Tokyo SE	1,019.60	1,015.90	813.39
AUSTRALIA			
All Ord.	956.8	955.9	739.3
Metals & Mins.	542.9	546.1	470.8
AUSTRIA			
Credit Aktien	101.68	100.52	53.39
BELGIUM			
Belgian SE	2,330.92	2,331.88	–
CANADA			
Toronto			
Metals & Minls	2,080.0*	2,049.44	2,028.0
Composite	2,783.5*	2,781.44	2,359.5
Montreal			
Portfolio	135.42*	135.23	118.31
DENMARK			
SE	n/a	216.86	192.66
FRANCE			
CAC Gen	217.2	215.8	163.4
Ind. Tendance	123.8	122.8	87.4
WEST GERMANY			
FAZ-Aktien	481.09	479.71	341.05
Commerzbank	1,416.5	1,413.9	992.4
HONG KONG			
Hang Seng	1,650.78	1,692.74	907.49
ITALY			
Banca Comm.	364.99	366.28	216.94
NETHERLANDS			
ANP-CBS Gen	217.5	215.1	162.6
ANP-CBS Ind	192.9	190.5	129.5
NORWAY			
Oslo SE	n/a	356.42	259.56
SINGAPORE			
Straits Times	755.87	754.88	939.18
SOUTH AFRICA			
JSE Golds	–	979.9	954.1
JSE Industrials	–	941.9	826.4
SPAIN			
Madrid SE	111.92	111.79	99.46
SWEDEN			
J & P	1,317.45	1,312.21	1,526.15
SWITZERLAND			
Swiss Bank Ind	470.7	465.4	380.3
WORLD	Aug 20	Prev	Year ago
Capital Int'l	218.8	218.2	183.3

GOLD (per ounce)

	Aug 21	Prev
London	$335.25	$334.75
Zürich	$336.05	$334.60
Paris (fixing)	$326.72	$336.23
Luxembourg	$336.25	$336.10
New York (Oct)	$341.80	$338.60

* Latest available figure

CURRENCIES

(London)	U.S. DOLLAR Aug 21	U.S. DOLLAR Previous	STERLING Aug 21	STERLING Previous
$	–	–	1.393	1.3895
DM	2.7655	2.7775	3.85	3.86
Yen	236.95	237.3	329.5	329.75
FFr	8.4475	8.465	11.73	11.78
SwFr	2.2665	2.2785	3.155	3.165
Guilder	3.124	3.129	4.32	4.3475
Lira	1,861.0	1,358.5	2,579.0	2,581.5
BFr	56.25	56.25	77.9	78.15
C$	1.3555	1.3565	1.8831	1.8832

INTEREST RATES

	Aug 21	Prev
Euro-currencies (3-month offered rate)		
£	11½	11⁹⁄₁₆
SwFr	4¾	4¾
DM	4½	4⁹⁄₁₆
FFr	11⅝	11½
FT London Interbank fixing (offered rate)		
3-month U.S.$	8³⁄₁₆	8³⁄₁₆
6-month U.S.$	8¼	8¼
U.S. Fed Funds	7½	7⁹⁄₁₆
U.S. 3-month CDs	7.70	7.75
U.S. 3-month T-bills	7.03*	7.11

U.S BONDS

Treasury	Aug 21* Price	Aug 21* Yield	Prev Price	Prev Yield
8⅞ 1987	100⁷⁄₃₂	8.798	100⁷⁄₃₂	8.85
10⅝ 1992	101²⁰⁄₃₂	10.032	101¹⁷⁄₃₂	10.05
10½ 1995	102⅜₂	10.161	101²⁹⁄₃₂	10.19
10⅝ 2015	101²²⁄₃₂	10.439	101⅝₂	10.48
Corporate				
AT & T				
10⅜ June 1990	100⅝	10.20	100⅝	10.20
3⅞ July 1990	82¾	8.25	82¾	8.25
8¾ May 2000	83¼	11.00	83⅜	11.00
Xerox				
10⅞ March 1993	99.869	10.65	99.869	10.65
Diamond Shamrock				
10⅝ May 1993	99.582	10.70	99.582	10.70
Federated Dept Stores				
10⅞ May 2013	94⅝	11.25	94⅝	11.25
Abbot Lab				
11.80 Feb 2013	103⅞	11.40	103⅞	11.40
Alcoa				
12¼ Dec 2012	101⅛	12.10	101⅛	12.10

Source: Salomon Bros

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
Sept	77–23	77–23	77–08	77–10
U.S. Treasury Bills (IMM) $1m points of 100%				
Sept	93.07	93.07	92.99	93.01
Certificates of Deposit (IMM) $1m points of 100%				
Sept	92.38	92.38	92.30	92.32
LONDON				
Three-month Eurodollar $1m points of 100%				
Sept	92.01	92.03	91.98	91.90
20-year Notional Gilt £50,000 32nds of 100%				
Sept	111–27	112–03	111–26	111–27

COMMODITIES

(London)	Aug 21	Prev
Silver (spot fixing)	450.25p	447.10p
Copper (cash)	£2,004.50	£2,005.00
Coffee (Sept)	£1,661.00	£1,676.50
Oil (spot Arabian Light)	$27.45	$27.50

TOKYO

Hopes for lower rates continue

LARGE-CAPITAL stocks were traded actively in Tokyo yesterday, while some constructions, shippings and biotechnology-related issues fluctuated sharply, *writes Shigeo Nishiwaki of Jiji Press*.

The Nikkei-Dow market average added 70.76 to 12,704.81, regaining the 12,700 level for the first time in about a month. Volume improved from 522m to 562m shares.

Confident that the second-quarter U.S. gross national product (GNP) would be revised downward, many institutional investors had sought big-capital stocks on Tuesday on prospects for lower interest rates. As it turned out, the GNP figure was revised upward.

But investors continued to buy big-capital issues yesterday on the assumption that U.S. interest rates would decline in the long term and would result in a domestic interest rate cut.

Also spurred by expectations for higher defence spending, Mitsubishi Heavy Industries, a Y9 gainer the previous day, put on Y2 to reach another all-time high of Y362 and to head the most active list with 62.61m shares traded.

Nippon Steel, the second busiest with 42.23m shares, closed unchanged at Y179. Nippon Steel Works eased Y4 to Y272.

According to a major securities company, foreign buy orders in the morning included 10m shares for Nippon Steel and 4m shares for Mitsubishi Heavy Industries.

Shippings and other speculative issues moved erratically. Showa Line gained Y26 to Y236, Kawasaki Kisen Y2 to Y210 and Shinwa Kaiun Y42 to Y360, all appearing in the most active list. These issues were bought mainly for immediate capital gains.

Recent laggards among fiscal investment-related issues climbed. Mitsui Construction, third busiest with 30.15m shares changing hands, jumped Y52 to Y407, and Daisue Construction Y47 to Y427. Leading budget-affected issues firmed, with Sato Kogyo rising Y16 to Y526.

Some biotechnology-related stocks moved up. Sapporo Breweries surged Y27 to Y542 and Kanebo Y5 to Y510.

Blue chips remained lacklustre on a wide front. Minolta Camera added Y57 to Y932 and Sony Y50 to Y3,600.

The yield on the barometer 6.6 per cent government bond due in December 1994 declined from 6.225 to 6.210 per cent on a large-lot buy order by a big securities house in late trading.

HONG KONG

NERVOUSNESS over speculation that interest rates may rise sent prices sharply lower in Hong Kong, and the Hang Seng index fell 41.98 to 1,650.78, its biggest fall since June 11 when it reacted to the insolvency of Overseas Trust Bank.

Properties continued to decline with Cheung Kong 80 cents easier at HK$18.50, Hongkong Land 25 cents at HK$6.25 and Sun Hung Kai 50 cents at HK$13.20.

Banks moved lower again on worries over interim results expected later this week. Hang Seng lost 75 cents to HK$45.25, Hongkong Bank 10 cents to HK$7.55 and Bank of East Asia 40 cents to HK$22.60.

SINGAPORE

INTEREST was seen again in Singapore's selected speculative stock, but prices ended mixed after buying enthusiasm waned.

The Straits Times industrial index nudged 0.99 higher to 755.87, and turnover dropped to 10.2m from 11.9m on Tuesday.

Innovest, which announced plans to buy 57.3 per cent of Kentucky Fried Chicken's shares, added 2 cents to S$1.33.

Rumours of financial difficulties at a Hong Kong bank soured the market. Most banks, however, were generally steady except DBS, 8 cents lower at S$4.92 which is a new 1985 low.

EUROPE

Quick pace disturbs somnolence

THE PACE on the European bourses gathered momentum yesterday as another batch of corporate results injected life into an otherwise somnolent market. Chemical stocks featured again while bond trading proved frenzied at times.

Zurich tackled new heights with ease after Tuesday's strong performance. The Swiss Bank industrial index gained 5.3 to a 1985 high of 470.7, while food and financial sub-indices extended the previous session's advance. The return of foreign buyers, enticed by further strong corporate results, was perhaps the single most important factor in the upturn.

Nestlé added SwFr 100 to SwFr 7,100, another new high for the year. Hoffmann-La Roche picked up SwFr 125 more to SwFr 9,575 as Sandoz firmed SwFr 50 to SwFr 8,750.

Financials saw a SwFr 4 gain to SwFr 481 for Swiss Bank, a SwFr 80 rally to SwFr 4,380 for Union Bank and a more modest SwFr 25 rise to SwFr 5,700 for Zurich Insurance. Swiss Re held steady at SwFr 13,200.

Schindler moved against the trend with a SwFr 20 setback to SwFr 900. Among the backbenchers, hotel to ice cream group Mövenpick added SwFr 100 to SwFr 5,325 after its dividend and rights issue.

Adia also managed to trade SwFr 100 higher to SwFr 3,700, and George Fischer returned near its high for the year with a SwFr 60 rise to SwFr 930.

The bond market gained ground with investor interest concentrating on option bonds.

A partial retreat in **Amsterdam** near the close still left most shares higher on the day with financials benefiting from recent interest-rate cuts. ABN put on 50 cents to Fl 509 ex-rights, and Amev firmed Fl 2 to Fl 278 although NMB suffered on consideration of its lower-than-expected first-half results released on Tuesday. The bank shed Fl 5.80 to Fl 211 after touching Fl 209.

Secondary issues made good progress, with Gist-Brocades Fl 2 higher at Fl 219, Wessenen Fl 3 firmer at Fl 175 and Bredero up Fl 5 at Fl 177.

International were mixed in sympathy with the weaker dollar. Royal Dutch rose Fl 1 to Fl 189, Unilever edged 50 cents lower to Fl 328.50 and Philips lost 30 cents to Fl 46.50 despite its plans to produce and market more sophisticated single-chip microcontrollers in Europe.

Akzo managed to firm 30 cents to Fl 124.30.

Heavy demand for a limited supply of bonds pushed prices higher, with domestic institutions again being noticed in the market.

Select foreign buying surfaced in light **Frankfurt** trading as the Commerzbank index rose 2.6 to 1,416.3. A lack of follow-up orders eroded some of the gains, however.

Export-sensitive issues were again in favour, with electrical leader Siemens surging DM 10 ahead to DM 542, while BMW, recently very mixed, stole the show in the quality car sector with a DM 11 rally to DM 439. VW firmed a further DM 1.60 to DM 314.80 despite its huge recall.

Among the engineering stocks, Linde sparkled with a DM 10 jump to DM 507.50 ex-rights, and Mannesmann settled DM 2 up at DM 192.50.

Chemicals, thick with results, were mixed. BASF firmed 90 pfg to DM 224.50, and Hoechst eased DM 2 to DM 216.50. Bayer, due to report next week, picked up 80 pfg to DM 223.

The stores sector continued to hold the concentration of both foreign and domestic buyers, with Karstadt leading the retailers yet again with a very impressive DM 7 jump to DM 258 after Tuesday's DM 6 rise. Kaufhof turned in a more modest DM 2.50 advance to DM 277.50 on the back of last week's interest rate cuts.

Deutsche Bank notched up a DM 8.50 gain to DM 559.50, and Munich Re scored a DM 30 rise to DM 1,740.

Bearish sentiment in the bond market over interest-rate trends produced hectic buying that left most issues higher, but some with gains of up to 35 basis points.

The Bundesbank sold DM 29.9m of paper into the market after Tuesday's hefty DM 97.1m sales.

Milan came off the boil with profit-takers moving in. Montedison firmed a further L22 to L2,180 on persistent talk about a U.S. group building up a stake in the chemical group.

Insurers offered a double attraction, with RAS L1,700 higher at L103,600 and Assicurazioni Milano L1,730 lower at L20,200 after a temporary suspension of its quotation because its loss had exceeded 20 per cent.

Madrid, **Paris** and **Brussels** gained ground while **Stockholm** turned mixed amid more company results.

LONDON

APART from a minor pause around noon, top-quality issues gradually improved to close at the session's best levels.

The FT Ordinary share index gained 6.0 to 988.2 as investors apparently ignored the more bearish indications which pointed to stagnant growth in industrial output and rising unemployment.

Business in leading industrials was thin and mainly directed towards the engineering sector. Foods and oils also improved.

Gilts were again quiet. Conventional issues improved by about ¼, but index-linked stocks retreated by about ⅛.

Chief price changes, Page 31; Details, Page 30; Share information service, Pages 28–29

AUSTRALIA

FEDERAL budget announcements on Tuesday had little impact in Sydney, and shares edged slightly higher in dull trading.

The All Ordinaries index added a mere 0.4 to 956.4, and the gold index eased 18.4 to 1,094.8 on profit-taking.

BHP was steady at A$7.20 after the previous session's gain and strong demand. In other miners, Bougainville lost 4 cents to A$1.86 in the wake of lower six-month profits, and CRA, which owns 54 per cent of the copper miner, shed 6 cents to A$5.78.

SOUTH AFRICA

MOST issues recovered from a mixed opening in Johannesburg to end slightly firmer.

Concern over the proposed strike by black miners set for August 25 weighed heavily on the market initially, but interest picked up after the rand dropped sharply against the U.S. dollar.

Vaal Reefs added R4.50 to R184.50 despite news that an explosion at the mine had killed eight miners. Western Deep added R1 to R88.50, and Buffels gained the same amount to close at R74.

CANADA

GOLDS regained some of their lustre in Toronto, but most stocks showed little change.

Canada Trustco again topped the active list as three blocks of stock were crossed at C$45 a share. Canada Trustco, up C$¼ to C$45, urged shareholders to reject Genstar's bid. Genstar added C$¼ to C$32.

Prices drifted lower across the board in Montreal.